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Israeli Jets Bomb Iraqi Reactor



An air attack last September on the Iraqi nuclear installation near Baghdad caused damage by a fire, shown in this file photograph, but did not destroy the reactor equipment which Israel announced Monday that its aircraft had wiped out on Sunday.

By William Claiborne
Washington Post Service
JERUSALEM — Israeli warplanes bombed and destroyed a French-built nuclear reactor complex near the Iraqi capital of Baghdad because it posed a threat to the very survival of Israel, the Israeli government announced Monday.

agency said that the foreign ministers of the Arab League should meet in Baghdad to discuss "The Zionist aggression on Iraq and the attack on the nuclear reactor in Baghdad." Reuters reported.

"Thus, a mortal threat to the very existence of Israel was emerging," the Israeli government declared.

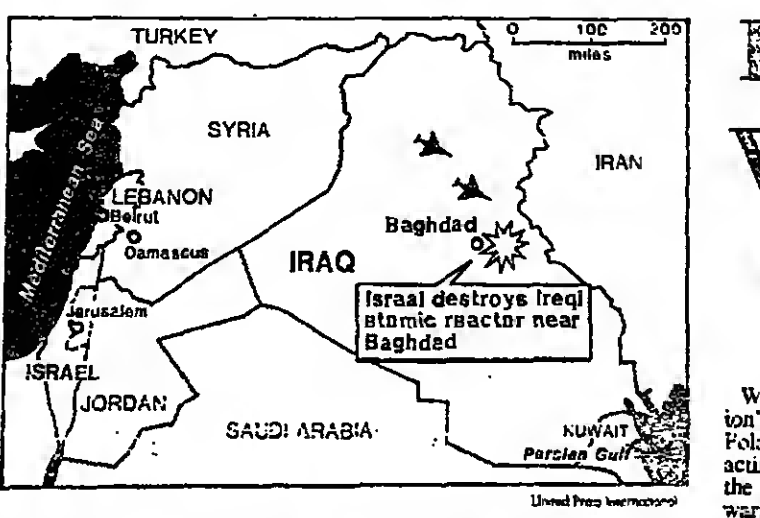
Mr. Begin said "We will withstand all the reaction, because what we did was defend ourselves. We warned the French; we told them not to continue to supply the Iraqis with this equipment."

Asked about Arab world reaction, Mr. Begin replied, "I don't care about the Arab world. I care about our lives."

government's opposition to the sale of the nuclear equipment. Various foreign intelligence agencies, including the U.S. CIA, have reported in the past that Israel either has already developed nuclear warheads or is close to developing them.

U.S. Condemns Israel for Attack, Fears Effect on Mideast Tension

WASHINGTON — The State Department on Monday condemned the Israeli air strike on Iraq's nuclear installation as threatening to heighten serious tensions in the Middle East.



attack. Quoting Mr. Fischer, Tass said there were indications that the planes used in the raid were U.S.-made.

Russia, in Letter, Warns Warsaw to Toughen Policy

By John Darnton
New York Times Service
WARSAW — The Soviet Union's Communist Party has told Poland's leaders that they are not acting resolutely enough to stem the tide of counterrevolution and warned that Soviet-bloc countries "will not leave Poland alone" in its crisis, reliable sources within the Polish Communist Party confirmed Monday.



Khomeini Threatens To Oust Dissidents

By Annette von Broecker
Reverser
TEHRAN — In one of his sharpest outbursts, Iran's revolutionary leader Ayatollah Ruhollah Khomeini Monday warned that he would remove dissident politicians from office if they continue to challenge Islamic authorities.



Carter Ex-Aide Calls Gulf Plan Haphazard

By Don Oberdorfer
Washington Post Service
WASHINGTON — President Jimmy Carter's commitment of U.S. military power to defend the Gulf region "grew out of last-minute pressures for a presidential speech" without detailed study of its consequences and has been "unofficially accepted" by the U.S. public, according to David D. Newsom, who was the State Department's senior career official at the time the policy was announced.

Italy Supports French Views on U.S. Fiscal Policy

The Associated Press
ROME — Italy joined France on Monday in criticizing the United States' tight money policy, which has recently driven up the dollar to record levels against both countries' currencies.

Italy Supports French Views on U.S. Fiscal Policy

WASHINGTON (UPI) — The Supreme Court Monday refused to consider at this time a Dallas-based computer company's challenge to the agreement that freed the 52 American hostages from Iran.

High Court Refuses Challenge

WASHINGTON (UPI) — The Supreme Court Monday refused to consider at this time a Dallas-based computer company's challenge to the agreement that freed the 52 American hostages from Iran.

U.S. Is Reportedly Near MX Missile Compromise

By Michael Getler
and Lou Cannon
Washington Post Service
WASHINGTON — The Reagan administration and a blue-ribbon panel of outside experts studying the future of the MX missile are moving toward a proposal that discards major elements of the original basing plan and revives the possibility of an anti-ballistic missile defense system.

technology industries attracted from overseas, particularly the dressed, confident-looking young people who fill the new offices, Fall and Fine Gael are both rooted in the nationalist movement that late Premier Sean Lemass, Mr. Haughey held several Cabinet portfolios...



# East Europeans Vary In Poland Criticism

VIENNA — National differences are emerging as East European states line up, some enthusiastically and some reluctantly, in a Soviet-led media campaign against what Moscow has called counter-revolution in Poland.

Czechoslovakia, Bulgaria and East Germany have been quick to echo recent Soviet attacks on reformers in Poland's Communist Party while Hungary and Romania have kept comments on the Polish crisis more muted.

The one unifying point is a widespread belief in Eastern Europe that Moscow seems ready to drive its polemics against Poland to a new high point, according to Western diplomats in the area. But

they could not say whether this would lead to military intervention to halt Warsaw's reforms.

Hungary, which has been the most even-handed in its comments on Poland, joined nonaligned Yugoslavia last week in stressing the independence of each Communist Party from Moscow.

The statement, made during a visit of Yugoslav Party leader Lazar Mojsov to Budapest, seemed to be a veiled expression of support for Warsaw.

Western diplomats in Budapest said it was unexpected, especially since a Hungarian commentary warned against counterrevolution in Poland in late May, and the press has since reprinted tougher than usual Soviet comments on Poland.

Romania, which opposed the 1968 Warsaw Pact invasion of Czechoslovakia to end reforms there, restated its "hands-off" position last week in a speech by President Nicolae Ceausescu.

Although it clearly disapproves of the Solidarity independent union, Bucharest has printed only positive reports about Poland in its few press comments on that country in recent weeks.

Polish Foreign Minister Jozef Cyrtek made a short visit to Romania last Thursday after which both sides called for "a peaceful solution to all interstate conflicts and disputed issues." Western diplomats in Bucharest said nothing more was known about the purpose of the visit.

# Polish Party Is Warned

(Continued from Page 1)

moral crisis is the road to renewal," the statement said.

Statements in similar vein from trade unions at major factories suggest that the union activists are losing patience as rapidly as the premier from the Solidarity chapter at the huge Katowice steel mill said it was time to get moving or to change the governing team.

# Reagan Message to ILO

GENEVA (NYT) — President Reagan stressed in a message Monday to the International Labor Organization the demands being made in some countries by workers and employers for the right to represent their own interests independent of government or political party.

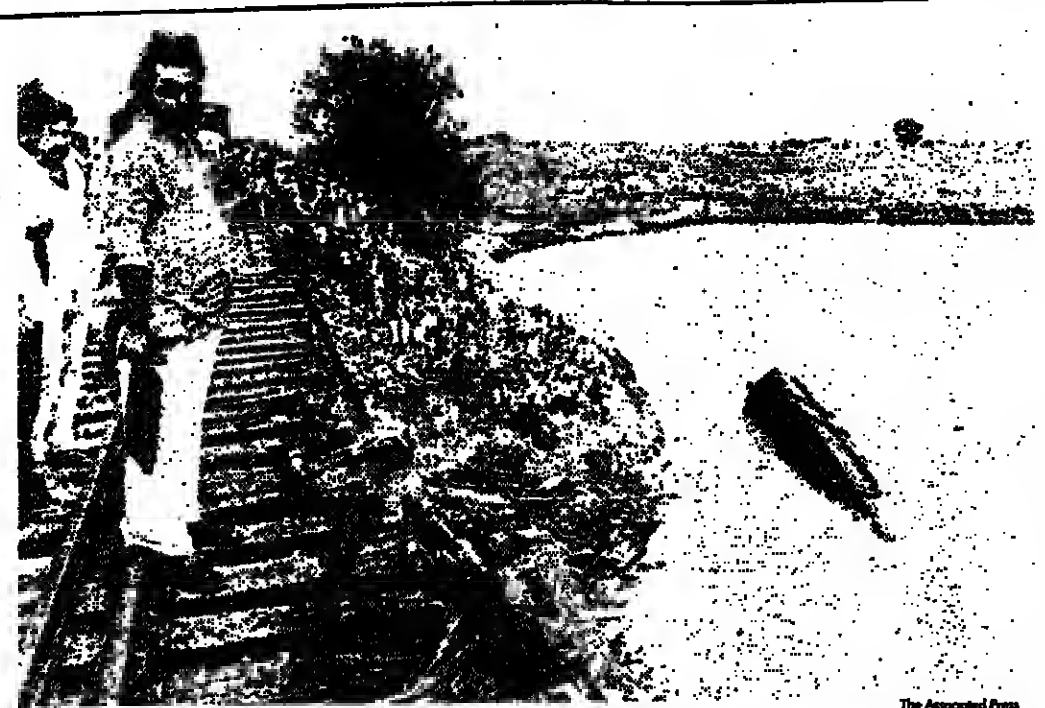
The government, trade union and industry delegates attending the 145-nation ILO's annual assembly saw in the message a direct allusion to events in Poland.

Secretary of Labor Raymond J. Donovan, who read the message, was also believed to be alluding to Polish events when he termed the ILO session historic because it was taking place at a time of profound changes in many parts of the world in the relationship between government and the people.

Three days earlier, the assembly, with the exception of the Soviet Union and other Communist delegations, gave an ovation to Solidarity leader Lech Walesa, after hearing him assert that the process of change under way in Poland was irreversible.

# Belgian Official to Russia

MOSCOW — Belgium's foreign minister, Charles-Ferdinand Nothomb, will visit the Soviet Union this month, Tass said Monday.



SEARCH CONTINUES — Workers kept up rescue efforts for missing bodies Monday after seven cars from a passenger train plunged into the Bagmati River in India's Bihar state.

# Over 1,000 May Have Died in India Train Wreck

NEW DELHI — More than 1,000 people may have been killed when seven crowded passenger train cars plunged off a bridge and into a river, an official said Monday. A death toll that large would make it one of the worst railway accidents in history.

"At least 1,000 people have died but we have fished out only 97 bodies so far," a district magistrate said. Navy divers and local fishermen searched the Bagmati River but were able to find

only two of the seven cars. Railway officials said that 500 tickets had been sold for the train, but Indian news agency reports quoted villagers as saying the train was overcrowded and that many people were perched on the roofs.

The magistrate said the wreck in Bihar state, about 650 miles (1,100 kilometers) southeast of New Delhi, was caused when the engine braked to avoid hitting a cow. He said heavy winds also contributed to the accident, which occurred Saturday.

# U.S. Appears Near Missile Compromise

(Continued from Page 1)

production while scaling down, at least initially, the original deployment plan, which called for shutting 200 missiles among 4,600 underground shelters in Utah and Nevada. Under consideration is a plan that would cut that deployment roughly in half, clustering fewer missiles and shelters in fewer valleys and reducing the environmental impact and cost.

Doing preparatory work that would allow MX missiles to be placed in underground silos now used for older Minuteman and Titan missiles in other states. This option would allow the first MX missiles to be fielded roughly one year earlier than at the Utah and Nevada bases.

Accelerating research, development and testing, though not necessarily deployment, on an anti-ballistic missile (ABM) defense system to protect silos from Soviet attack.

Beginning a study of funding needs for a missile smaller and lighter than MX that, several years from now, could be produced in large numbers and moved around the country by road, plane or rail so that it would be relatively invulnerable.

Accelerating development of

the advanced, D5 version of the submarine-based Trident missile, which, several years hence, would give the Navy the same ability to destroy Soviet missile silos that MX is supposed to have. The possibility of putting MX to sea, an option once favored by Defense Secretary Caspar W. Weinberger, is now viewed as dead.

The idea behind these options is that they allow the basic MX to move ahead while work goes on with the other approaches.

For the Reagan White House, the questions of whether and where to deploy MX are crucial. This is partly due to the missile's \$35 billion-to-\$60 billion price tag and political opposition to constructing huge new bases in Utah and Nevada.

The Air Force contends that there are studies of more than 30 possible ways to base MX repeatedly go back to the idea of shutting the 200 missiles among 4,600 protective shelters scattered in the Great Basin of Utah and Nevada. That seems to be the best way to keep the missile safe from Soviet attack, since Soviet commanders would not know which shelters hid the missiles.

The Carter administration accepted this scheme. But Mr. Reagan, as candidate and presi-

dent, has frequently said that while the United States needs the missile, he does not like the Air Force basing idea. Mr. Weinberger has said the same thing.

In March, rather than proceeding with the Carter plan, Mr. Weinberger appointed a 15-member panel of nongovernment experts to take yet another look at the MX and report to him by July 1. Mr. Weinberger says the conclusions will be seriously considered by the administration.

A compromise plan, some sources say, may be easier on local politicians because it does represent a cutback and suggests the administration has done something to take their concerns into account.

At the same time, it would avoid total abandonment of the original plan, which could cause trouble with allies in Europe if they see U.S. political opposition succeeding at getting rid of land-based missiles. European governments now face protest movements because the United States wants to put medium-range missiles there.

# U.S. Decries Iraq Attack

(Continued from Page 1)

been an unprovoked attack," said a Foreign Office spokesman. "We can only condemn such a grave breach of international law, which could have the most serious consequences."

Mr. Fischer said Israel did not inform the United States of the attack until after it took place.

The Italian Foreign Ministry released a statement Monday expressing its "grave concern" over the Israeli raid and saying it understood that about 20 Italian technicians working at the site were not injured. Iraq bought part of its nuclear research facilities from Italy.

In April, 1979, unidentified attackers blew up parts of the Osirak reactor as they awaited shipment in the Mediterranean port of La Seyne-sur-Mer, and various French officials hinted that the explosives might have been planted by Israeli secret service agents.

Last August, a senior Egyptian-born nuclear scientist who was a principal figure in the Iraqi nuclear program was murdered in his Paris hotel room, and again there was speculation that Israeli intelligence agents were responsible. Israel denied involvement in both incidents.

In September, while about 100 French technicians were working at Tammuz and 600 Iraqis were getting atomic science training in France, Iraq invaded Iran. Fearing Iranian aerial attacks, the French pulled out most of their technicians and stocked the nuclear fuel in concrete bunkers, just before several F-4 Phantom jets carrying Iranian markings attacked the site of the reactor.

Asked whether the latest raid might change plans by French President Francois Mitterrand to become the first French head of state to visit Israel, Mr. Mauroy replied, "We are limiting ourselves to a firm condemnation of the attack."

As to whether France would continue to deliver weapons-grade uranium to Iraq, Mr. Mauroy said, "The attack has answered that problem." Faced with persistent questions on whether France would replace the reactor if Iraq asked, he said:

"It is a request that we would study. ... France wants to make its arms sales policies more moral. We want to respect our pledges but we want a reinforcement of controls over nuclear power stations and we no longer want to be a major arms salesmen on the international scene."

# Israelis Hit Iraq Reactor

(Continued from Page 1)

resort city of Eilat, said, "Once again, the Israeli Air Force showed it is the best in the world." Mr. Peres said he would withhold further comment until a meeting Monday of the parliament's defense and foreign affairs committee. Similar backing of the raid came from former prime minister Yitzhak Rabin and former foreign minister Abba Eban.

Last November, Iraq prevented inspection of its nuclear facilities by the International Atomic Energy Agency, saying that IAEA inspectors could not come to Baghdad because of the current war conditions.

The core of the Iraqi nuclear program was purchased from France after France's then Prime Minister Jacques Chirac visited Baghdad and discussed with President Hussein the sale of two reactors, one for power production and the other for research. The Iraqis first insisted on purchasing a 500-megawatt uranium graphite-gas reactor which could produce not only electricity but also hundreds of kilograms of plutonium, which could be diverted for military purposes.

After extended negotiations, the Iraqis finally bought the 70-megawatt reactor, along with six charges of 12 kilograms (26 pounds) of uranium enriched to 93 percent. The French also agreed to help train 600 Iraqi technicians and scientists, and to supply a second, one-megawatt research reactor.

Following the Chirac-Hussein agreement, Iraq committed itself to sell France 10 million tons of oil annually and make arms purchases from France amounting to \$1.5 billion.

# 13 Liberian Soldiers Condemned for Plot

MONROVIA, Liberia — Thirteen soldiers have been convicted of treason and sentenced to execution by firing squad, according to the government.

The soldiers were convicted by a special court-martial board of plotting to overthrow the Liberian military government.

# Lebanese Cease-Fire, Arms Removal Proposed by Arab League Committee

The Associated Press

BEIT ED DINE, Lebanon — With Saudi Arabia and Kuwait mediating, Syria and the Lebanese Christians and Moslems resumed negotiations Monday on a peace plan calling for a cease-fire throughout Lebanon and the removal of heavy arms from the major cities.

The Arab League emergency committee — made up of the Saudi, Syrian and Kuwaiti foreign ministers and the secretary-general of the League — began peacemaking efforts Sunday at this Lebanese mountain resort in an attempt to end fighting between Syrian troops and Christian militiamen in which more than 644 Lebanese have been killed since April 1.

A lull in the fighting was reported Sunday as the peace effort got under way.

Philip C. Habib, the special U.S. envoy who is en route to the Middle East, left Paris Monday. A U.S. Embassy spokesman in Paris

refused to be specific about a destination for Mr. Habib, who spent 20 days shuttling around the Mideast on a peace mission last month.

The peace plan was proposed by Arab League Secretary-General Cheddi Klibi during 14 hours of talks and was received favorably by leaders of Lebanon's Muslim and Christian factions, sources close to the Beirut conference said.

Beirut Radio quoted Lebanese Premier Shafiq al-Wazzan, a Moslem, as saying the conferees were giving top priority to efforts to arrange a cease-fire so the talks could continue in "complete security and stability."

The Christian Voice of Lebanon radio said a peace plan under discussion called for a cease-fire, the removal of heavy weapons from the major cities and discussion of Syria's role in Lebanon.

But reports from Lebanese sources said the Syrians posed a key problem for the Christians by

demanding that they publicly break their ties with Israel.

Bachir Gemayel, commander of the Christian Phalange Party's militia, made no mention of Israel after speaking with the mediators Sunday, but he did say he was optimistic about "a new opportunity for us to resolve the crisis. We accept it and are willing to come to an understanding."

Walid Jumblat, leader of Lebanon's leftist Moslem coalition, said the success or failure of the current talks would depend on the rightist Christians' willingness to break with their Israeli backers. "National enclaves now hinges on one matter. This matter is a pledge by the Lebanese (Christian) Front to sever all ties with Israel."

Israel has become a prime weapons supplier to Christian forces and has pledged to protect them against Syria's air force. Syria claims that that poses a direct threat to its security by opening Christian territory in Lebanon as a possible Israeli invasion route to Syria.

# IRA Begins Stepping Up Maze Strike

From Agency Dispatches

BELFAST — A fifth inmate joined the Maze prison hunger strike Monday in a campaign for political status for Irish Republican Army prisoners and the IRA vowed to add a new hunger striker every week until Britain yields.

The British Northern Ireland Office, which administers the province, said that, Thomas McIlwee, 23, serving a life sentence for manslaughter in a 1976 bombing raid in which a woman was burned to death, has joined the fast.

Sinn Fein, the political branch of the Provisional IRA, said earlier that Mr. McIlwee, who lost an eye in the premature explosion of an IRA bomb, would join four other convicts fasting in support of the IRA's demand that its imprisoned members be treated as political prisoners. Four prisoners died last month in the hunger strike, but the British government maintained its stand that the IRA prisoners are common criminals.

In a statement issued through Sinn Fein, Maze prisoners said they were abandoning their previous strategy of having only four men on strike and adding new men to the protest only as replacements for those who died. They said this had "allow[ed] the British a recuperation period during which they enjoy a lessening of pressure and can callously prepare for the deaths of the next hunger strikers."

90 Volunteers

Sinn Fein spokesman Danny Morrison said, "There could be one or two new hunger strikers every week from now on. There will be another one starting this week."

Mr. Morrison said there are 90 to 100 hunger strike volunteers at the prison, whose inmates include almost 400 men jailed for Irish nationalist activities.

The four prisoners who died last month succumbed after fasting for between 59 and 66 days. Joseph McDonnell, 30, is the longest survivor of the four now fasting. He has been without food for 31 days, so it is likely to be about three weeks before he reaches the critical stage. The others have fasted for between 11 and 18 days.

Since the death May 5 of Bobby Sands, the first in the current wave of hunger strikers, 34 civilians, policemen and soldiers have died across the province in violence stemming from the fasts.

# WORLD NEWS BRIEFS

## Probe of Cameraman Continues in Atlanta

ATLANTA — Authorities are continuing their investigation into the background and activities of a young black man who was detained for 12 hours last week and questioned about the mysterious deaths of 28 young blacks in the Atlanta area over the last 22 months.

Sources familiar with the proceedings said Sunday that laboratory analyses of carpet samples and sweepings, pieces of clothing and animal hairs obtained from the home of the man, Wayne B. Williams, showed "encouraging" and "promising" matches with fibers found on some of the victims' bodies. However, crime-lab technicians refused to comment.

High-ranking task force officials said their investigation of Mr. Williams — a 22-year-old, free-lance television cameraman — was continuing because "he's the best possibility we have at this time." No charges have been filed against Mr. Williams and he has not been officially identified as a suspect in any of the murders.

## Gulf Ministers Discuss Economic Cooperation

RIYADH — Finance and economy ministers of the six-nation Gulf Cooperation Council met here Monday to devise a collective cooperation pact and abolish bilateral agreements.

The meeting was chaired by the Saudi Arabian finance and economy minister, Mohammed Aba al-Khail, with his counterparts from Kuwait, the United Arab Emirates, Qatar, Bahrain and Oman attending. They were to act on a decision by the council's May 25 summit in Abu Dhabi to boost economic cooperation and ensure stability in the region.

Conference sources said the projected pact will abolish all trade and customs barriers among the six countries and encourage private capital for investment projects as part of an economic integration plan.

## Britain to Seek Contracts During Khaled Visit

LONDON — King Khalid of Saudi Arabia arrives here Tuesday for a four-day state visit during which Britain will be seeking a bigger share in lucrative Saudi military contracts.

Prime Minister Margaret Thatcher visited Saudi Arabia in the spring, and talks on defense contracts that began then are due to be continued here. King Khalid's half-brother Prince Sultan, who is defense minister, is scheduled to meet with his British counterpart, John Nott.

## Greece Gives U.S. Deadline on Bases Accord

ATHENS — Greece has given the United States a June 15 deadline to accept its terms in the accord on U.S. bases, and to sign the agreement by June 18. Official sources said that it would otherwise be impossible to conclude matters before the Greek general elections in November.

The sources said the notification by the Greek government did not constitute an ultimatum, but stemmed from the fact that it was, in practical terms, impossible to otherwise ratify the accord before parliament recessed early in July.

Foreign Minister Constantine Mitsotakis said last week that the accord would be signed this month only if certain Greek terms were accepted, but he would not disclose details of his demands. He said the terms under which the bases have been operating since 1953 were lenient and "will most definitely be revised."

## Pertini Urges Speedy Effort to Form Coalition

ROME — Italian President Sandro Pertini told Premier-designate Arnaldo Forlani Monday to speed up efforts to form a coalition government. Mr. Forlani's four-party coalition resigned 13 days ago after reports linked some ministers with a secret Masonic lodge.

Local elections take place in many parts of Italy on June 21 and opposition groups believe the five possible coalition parties have agreed to see how they fare in them before completing negotiations on the new government.

Meanwhile, former Foreign Trade Minister Gaetano Stammati, 73, was under treatment in a Milan hospital Monday, but doctors denied press speculation that he had taken an overdose of barbiturates. Mr. Stammati's name appeared on a list of 953 alleged members of the Propaganda Due Lodge, or P-2.

# China Said to Fire Official Who Misplaced Secret Data

By Michael Weisskopf

PEKING — A ranking Chinese official was summarily dismissed last year after misplacing a document detailing his country's most secret views on Sino-American relations, which fell into the hands of U.S. diplomats, according to a Hong Kong newspaper report.

The respected newspaper Ming Pao reaching here Monday said that a department chief of China's Foreign Trade Ministry who had been visiting the U.S. Embassy in Peking on official business left behind his briefcase containing a copy of the sensitive document.

The official hastily returned for his bag, but was reportedly kept waiting 15 minutes during which time it is suspected that the document was photocopied. U.S. diplomats said Monday that the parcel was promptly returned to the Chinese official when he came back looking for it.

Acting U.S. Ambassador J. Stapleton Roy declined comment, saying the embassy has adopted a standard policy of refusing to comment on stories of that kind. China's Foreign Ministry, which is preparing for Sunday's visit of U.S. Secretary of State Alexander M. Haig Jr., also declined comment.

The Hong Kong newspaper, which is believed to have excellent contacts within the Chinese leadership, said the document in question had been drafted in February, 1980, by Chinese Embassy officials in Washington and signed by China's ambassador to the United States, Chi Zemin.

It reviewed the first year of normalized Sino-American relations, revealed the embassy's opinions on American political and social developments, forecasted the future

# Haig Aide, Botha Expected to Meet

JOHANNESBURG — William P. Clark Jr., the U.S. deputy secretary of state, will probably meet Prime Minister Pieter W. Botha of South Africa this week for talks on independence for South-West Africa (Namibia), the Johannesburg Star reported Monday.

Mr. Botha said Monday that he and his Cabinet had spent the weekend in the Namibian war zone to dispute recent claims by black nationalist guerrillas that they control areas there. He said he and his ministers had traveled freely throughout the zone, which is near the Angolan border.

Mr. Botha did not say whether he would meet with Mr. Clark, who was to arrive in Cape Town Wednesday. Mr. Clark was flown to Windhoek, the Namibian capital.



**WHEN YOU MAKE THE FOLKS BACK HOME WANT TO BE IN YOUR SHOES, SAVE SOME DUTCH GULDERS ON THE CALL.**

Who wouldn't want to be in your shoes? Especially when those feet will be taking you to the famous cheese markets, flower auctions, gorgeous canals, windmills, and a Van Gogh or two. So share it all with your family and friends back home. But before you make that call, here are some guilder-saving tips.

**SAVE ON SURCHARGES**

Many hotels outside the U.S. charge exorbitant surcharge fees on international calls. And sometimes the fees are greater than the cost of the call itself. But if your hotel has TELEPLAN, the way to keep hotel surcharges reasonable, go ahead and call. No Teleplan? Read on!

There are other ways to save money.

**SAVE WITH A SHORTIE**

In most countries there's no three-minute minimum on self-dialed calls. So if your hotel offers International Dialing from your room, place a short call home and have them call you back. The surcharge on short calls is low. And you pay for the call-back from the States with dollars, not local currency, when you get your next home or office phone bill.

**SAVE THESE OTHER WAYS**

Telephone Company credit card and collect calls may be placed in many countries. And where they are, the hotel surcharges on such calls are usually low. Or, you can avoid

surcharges altogether by calling from the post office or from other telephone centers.

**SAVE NIGHTS & WEEKENDS**

Always check to see whether the country you're in has lower rates at night and on weekends. Usually the savings are considerable.

Now that you've learned to walk on wood, you've saved a little shoe leather. And now that you've learned the calling tips, you'll find it easy to foot the phone bill.



**Reach out and touch someone**



# Reagan May Change Tax Bill for Business

By Peter Behr  
Washington Post Service  
WASHINGTON — The Reagan administration is willing to change some details of its new tax proposal to regain the support of business groups as the congressional fight begins in earnest this week.

James A. Baker 3d, the White House chief of staff, said Sunday that while President Reagan is probably through negotiating with the Democratic leadership on the tax issue, the bargaining with business is not over.

Cliff Massa of the National Association of Manufacturers agreed, to a point: "I have some reason to believe this will settle down" if there are compromises by the administration and the Southern conservatives the administration is trying to win over, Mr. Massa said. "It's hopeful speculation at this point, nothing specific."

Mr. Massa said he and his associates still hope to persuade the administration that it is not necessary to cut \$50 billion from the business tax reductions in the president's original plan. The reduction was made in part to reduce the deficit on tax revenues over the next six years and thus to make it eventually easier to balance the budget, a concession the administration believes is critical to winning the backing of conservative Democrats.

Meanwhile, House Speaker Thomas P. O'Neill, Democrat from Massachusetts, said his side has some bargaining to do as well, and he will try to pry Republican and Democratic congressmen away from the president's side by forcing separate votes on a half-dozen of the most sensitive spending cuts proposed by Mr. Reagan.

# Meese Assails News Leaks, but Doubts Reagan Would Counter With Wiretaps

By Lee Lescaze  
Washington Post Service

WASHINGTON — Presidential counselor Edwin Meese 3d has said that he doubts the Reagan administration would ever authorize wiretaps to trace leaks of classified information, but he condemned reporters who use leaked information as being like receivers of stolen property.

Mr. Meese said it is as wrong for journalists to make use of leaked secrets as it is for government employees to leak classified documents. Such a journalist is like a "fence," Mr. Meese said: "He's equally guilty."

Responding to a question in a TV interview, Mr. Meese said someone who leaks information "is betraying his country." He said the Reagan administration has not authorized any wiretaps to track down leaks, however, and added, "I seriously doubt that we would."

Mr. Meese and the White House chief of staff, James A. Baker 3d, appeared on television talk shows Sunday as the White House opened its latest campaign to win congressional approval of the president's tax-out package. Both were asked about a number of hot issues, including the withdrawal of Ernest W. Lefever, President Reagan's choice to be the administration's chief adviser on human rights.

The two differed in emphasis when answering questions about

erly as well as aid for handicapped children and vocational education, declaring, "We're not going to eliminate those programs without a fight."

### O'Neill Counterattacks

The House speaker, whose leadership in the economic debate is being questioned by some Democrats, hit hard at Mr. Reagan, again calling the administration tax program a windfall for the rich. "The president truly in my opinion doesn't understand the working class of middle America, what it's all about, what they go through, because of the fact he doesn't associate himself with those types of people," Rep. O'Neill said. "I think that he has very, very selfish people around him."

The administration's immediate problem is dealing with business groups whose leaders and lobbyists were jolted by the sudden change in the proposed tax program. Business groups are also attacking an accounting provision in the administration's new plan that would require some businesses to depreciate investments in equipment over a longer period than called for in the original plan — thus lessening available cash after taxes.

Mr. Massa said this particularly hurts manufacturing, including textiles, machinery, chemicals, aerospace and electronics, whose members loudly supported the president's original economic program.

"I don't think the final details of the program are frozen," Mr. Baker said in a TV interview. He said he thinks the gap that opened suddenly between the administration and the business lobbying groups when the new tax plan was unveiled last Thursday is being closed.



Secretary of State Alexander M. Haig Jr. greeting President Jose Lopez Portillo in Washington.

# U.S. Had Plan to Fly A-Weapons to Japan Without Prior Notification, Ellsberg Says

By William Chapman  
Washington Post Service

TOKYO — Daniel Ellsberg claimed Monday that the U.S. military had made plans to fly nuclear weapons into Japan during serious emergencies without consulting Japanese officials.

Mr. Ellsberg, a former Pentagon official, said that under plans existing in the early 1960s, U.S.

plans were to bring the weapons to American bases in Japan from Okinawa, which was under U.S. control at that time.

He made the remarks during a meeting Monday with opposition members of the Japanese Diet (parliament), who invited him here to focus attention on controversial charges that U.S. nuclear weapons had been illegally brought into Japan.

Mr. Ellsberg said the Japanese people had been victims of a long-running "deception" about the nuclear weapons issue, which has occupied center stage in Japanese politics for over three weeks. His statements added more fuel to the controversy and his visit is being given much publicity in the Japanese press.

Mr. Ellsberg said he had not come to Japan "to advance the interests of any faction." He said it was not clear whether past Japanese officials have gone along with the "deception" over the presence of nuclear weapons here or whether they themselves had been misled.

"But by any established standards," he said, "it has been established that the United States has brought in nuclear weapons."

His disclosures, along with those of former U.S. Ambassador Edwin O. Reischauer, have severely embarrassed the government of Premier Zenko Suzuki, who continued to claim Monday that Japan's non-nuclear principles have not been violated.

At a news conference, Mr. Suzuki said he intends to maintain the long-standing government policy that American nuclear weapons are neither stored on Japanese territory nor brought into Japanese waters on U.S. naval ships.

When it was pointed out that Japan was in the position of welcoming nuclear protection from the United States while insisting that nuclear weapons not be brought here, Mr. Suzuki agreed that Japan's "peace and stability" was bound up in the American nuclear deterrent. But he said that the deterrent could be maintained without bringing the weapons to Japan.

Mr. Ellsberg, who became well-known in the 1970s for disclosing the "Pentagon Papers," had attracted considerable publicity here earlier by stating he had learned in the early 1960s that nuclear weapons were stored on an LST (landing ship, tank) offshore from a Marine air station.

Under a 1960 agreement, the United States had promised to consult with the Japanese government before bringing in nuclear weapons. Japanese leaders have maintained that since there never was any prior consultation on nuclear matters between the two gov-

ernments it is assumed that none ever were brought in.

But Mr. Ellsberg said Monday that American forces had standing orders in the early 1960s to bring them in without consulting Japan in the case of a "high alert." He did not say whether any, in fact, had been flown into the bases on Japanese soil.

### Protest Explosion in Tokyo

TOKYO (AP) — An explosion blew out windows and scorched a wall of a government office building in central Tokyo early Monday in an apparent attack by radicals opposing the return by the U.S. aircraft carrier Midway to its home port at Yokosuka, Japan, police said.

Police said several newspapers received phone calls from a man claiming to belong to the radical group Chukakuha (Middle-Core Faction) who said the attack was to protest the return of the Midway last Friday and the expansion of Tokyo's Narita International Airport. No injuries were reported.

### Earthquakes Hit Sicily

MAZZARA DEL VALLO, Sicily — Two light earthquakes shook the Belice Valley Monday as authorities reported that 60 percent of the buildings in this town on the eastern coast of Sicily

# Reagan Sees Closer Ties With Mexico AMA Board Opposes 2 Anti-Abortion Bills

By Lee Lescaze  
Washington Post Service

WASHINGTON — President Reagan and Mexican President Jose Lopez Portillo embraced Monday at the White House at the start of a two-day meeting that both men hope will improve relations between their two countries.

Mr. Reagan has made good relations with Mexico and Canada an important part of his foreign policy. In the opening move of Mr. Reagan's effort to build a stronger partnership with Mexico, Mr. Lopez Portillo was the first foreign leader he visited as president-elect.

"I welcome you today with the pledge that this administration will sincerely and diligently strive to maintain a relationship of mutual respect and cooperation between our two nations," Mr. Reagan said. "Decisions affecting both sides of our border will be made only after the closest consultations between our governments."

Mr. Lopez Portillo, referring to the years during which the United States treated Mexico as a junior partner, said that there should be neither arrogance nor submission in the relationship between the two countries and that "we want to be understood and we want to understand."

In an apparent reference to an area of disagreement between the Reagan administration and Mexico, Mr. Lopez Portillo said "we are immersed in a regional context that shades our relationship."

Mr. Reagan's administration supports the junta in El Salvador and is withholding aid to Nicaragua while Mexico disapproves of U.S. military aid to the Salvadoran junta and backs the Sandinista government in Nicaragua.

However, Mr. Reagan and Mr. Lopez Portillo appear to like each other and seem to be unwilling to let their differences over the fighting in Central America block them from making progress on other issues. And further, Mexico is now the United States' third largest trading partner.

Mr. Reagan took Mr. Lopez Portillo to the presidential retreat at Camp David, Md., after a short initial meeting at the White House. The Mexican president is the first foreign leader Mr. Reagan has entertained at Camp David.

### 2 Killed in Oregon Fall

PARADISE, Ore. — A reformatory school student and his adult adviser were killed when they fell into a crevice on Mount Hood during a group camping trip, the sheriff's office reported Sunday. Members of the group reported that the youth slipped on an icy cliff late Saturday and both fell when the adviser tried to reach him.

By Philip J. Hiltz  
Washington Post Service

CHICAGO — The board of the American Medical Association has decided to throw the weight of the AMA into the battle against legislation in the House and Senate that would define human life as beginning at conception.

Late last week, the board of trustees voted to send two spokesmen to oppose the two nearly identical bills — called the "Human Life" legislation — at hearings in Congress in the middle of June. The measures would effectively outlaw abortion by making it murder. Opponents also claim that passage would outlaw several forms of contraception.

"We will speak in opposition to the bill [introduced in the Senate]," said James Sammons, executive director of the AMA. A spokesman for Dr. Sammons elaborated: "The legislation is founded on the idea that a scientific consensus exists that life begins at the time of conception. We will go up there to say that no such consensus exists."

In addition, the spokesman said, the idea that life begins at conception creates great legal problems in any pregnancy, since it would mean that two legal persons exist in the same body, and almost any medical treatment for the woman would entail a risk for the fetus. Under the hills, he said, a fetus would have legal rights, raising the possibility that treatment of the mother could be withheld.

### Largest Lobby

The AMA, the United States' largest organization of doctors, with a membership of 240,000 physicians, will be one of the most influential groups to oppose the bills and the group that has the largest lobbying organization in Washington of those in opposition.

Others who have declared their opposition include the National Academy of Sciences, the American Public Health Association, six former attorneys general, and a Boston group that includes several hundred scientists and six Nobel laureates.

Hearings on the Senate version of the bill were begun in the spring in a Senate Judiciary subcommittee. The AMA was not invited to testify at those hearings, an AMA spokesman said. But the association has been invited to speak at the new round of hearings to be held by Republican Sen. John P. East of North Carolina.

The AMA board of trustees took its action in a meeting last week preliminary to the association's convention, which began Sunday in Chicago.

In other action, delegates representing 21,000 medical students voted at the beginning of the meeting to protest the nomination of Dr. C. Everett Koop as U.S. surgeon general.

"This is obviously a political patronage appointment," said

Ronald M. Davis, a University of Chicago medical student who introduced the resolution. "We recognize this is part of the political game, to make appointments on the basis of loyalty, or on the basis of a position on some issue. But the job of surgeon general shouldn't be one of those kinds of appointments."

The resolution, which referred to Dr. Koop only as the "present surgeon general nominee," said the position "must remain outside of political patronage if the scientific reports and official pronouncements issued over his imprimatur... are to maintain credibility."

The resolution also said Dr. Koop has little or no training or experience in public health.

The students also voted in favor of the Equal Rights Amendment, voted to oppose all federal subsidies to the tobacco industry, and voted for stricter handgun control. The House of Delegates of the AMA will vote on these and about 175 other issues Tuesday and Wednesday.

### Abortion Support

WASHINGTON (AP) — Three out of four Americans favor permitting women to have abortions in most circumstances, according to an ABC News-Washington Post poll.

The newspaper reported that 40 percent of 1,533 persons interviewed by telephone favor abortion on demand; 34 percent favor it in most circumstances; 16 percent disapprove of it in some circumstances and 10 percent disapprove in all circumstances.

The poll showed that 54 percent of the respondents oppose spending federal money for abortions. Congress enacted restrictions last week barring use of Medicaid funds for abortions unless a woman's life is in danger. The restrictions expire Sept. 30.

Sixty-seven percent of those surveyed said they oppose any laws making abortions murder; 24 percent favor such a law.

Asked when a fetus becomes a human being, 40 percent of the respondents said at the moment of conception, 30 percent said during the first three months of pregnancy, 12 percent said during the last six months of pregnancy and 11 percent said at birth.

Two-thirds of those interviewed said they would advise a hypothetical unmarried and pregnant 15-year-old daughter not to get an abortion.

### East German to London

BERLIN — The head of the East German parliament's foreign affairs committee, Hermann Axen, will meet with British Foreign Secretary Lord Carrington next week during the first visit to London by a member of the East German Politburo.

# Alleged U.S. Production of Parts For Neutron Bombs Alarms Pravda

MOSCOW — Pravda expressed "deep alarm" Monday over reported U.S. production of neutron bomb components, denouncing neutron weapons as "the poisonous fruit of the man-hating aspirations of the Pentagon."

The Communist Party daily's commentary followed reports from Washington that the Energy Department, complying with a sec-

tion of a bill passed by Congress, has begun manufacturing components and allocating resources for a neutron weapon. The reports said the Reagan administration has yet to decide whether to complete assembly of the weapons.

Nothing comments earlier this year by U.S. Secretary of State Alexander M. Haig Jr., who said the deployment of neutron weapons would come only after consultations with North American Treaty Alliance members, Pravda said the latest reports show that "the calming assurances from Washington were and are a kind of anesthetic designed to weaken the vigilance of nations."

"The reports of the start of production across the ocean of neutron bombs adds to the extremely gloomy picture of the aggressive plans of the U.S. militaristic circles," Pravda commentator Gennady Vasiliev said. "These evil plans cannot but evoke deep alarm among those who cherish peace."

### Nigeria Chief in Belgrade

BELGRADE — President Shehu Shagari of Nigeria arrived in Yugoslavia on Monday for a three-day state visit. He was expected to hold talks with President Srdzka Kraigher on bilateral economic relations and the nonaligned movement, to which both countries belong.

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# Church Sways Public Against MX Missile

By William E. Schmidt  
New York Times Service  
SALT LAKE CITY — When the Carter administration proposed basing the MX missile system in the Great Basin of Utah and Nevada, most people here seemed prepared to agree with the plan or at least to give the federal government the benefit of the doubt.

"After all, these are pretty conservative states," said Ken Olson, director of the MX task force for Gov. Scott M. Matheson of Utah. "People out here really mean it when they say, 'God bless America.'"

But the Mormon Church's decision last month to publicly oppose deployment of the missiles in the region has accelerated a dramatic shift in public opinion against the original plan for the system, under which the Air Force would shuttle 200 nuclear-tipped missiles among 4,600 shelters spread through the valleys of eastern Nevada and southern Utah.

In a recent survey commissioned by a Salt Lake City television station, more than 76 percent of those questioned said they were opposed to basing the system in southern Utah. Only a few months earlier, the number of people questioned about their preference were split almost evenly between those in favor and those opposed.

## 3 Africa Nations In Security Pact

KAMPALA, Uganda — The presidents of three African countries have pledged never to allow their territory to be used for subversive activities against each other, Radio Uganda said Monday.

The pledge by presidents Milton Obote of Uganda, Gaspar Nimeiri of Sudan and Mobutu Sese Seko of Zaire follows two months of guerrilla activity by anti-government insurgents in the West Nile region of northwestern Uganda, which borders on Sudan and Zaire.

The presidents, in a communique issued after a three-day summit in the Zaire capital of Kinshasa, also agreed to set up ministerial committees on security along their common borders, refugee problems, and poaching and illicit trade. Mr. Obote pledged to guarantee the safety of refugees who wished to return to Uganda from Zaire or Sudan.

The Reagan administration has deferred final go-ahead on MX until it completes a review of the deployment plans. But the church's decision to take a stand, and growing public opposition to the missile plan, clearly complicate the choices facing the White House.

Opposition to the missile has produced curious coalitions of leftist anti-war activists and conservative cattlemen and ranchers. Some fear that the deployment would turn the area into a target for Soviet retaliation, should nuclear war break out. Others say it would wreak havoc with the state's natural resources and limited labor supply. Many more, including church officials, are concerned about the social dislocation that would result if thousands of construction workers and military personnel moved into the region.

In relative terms, public opinion in the two states, which are among the least populous in the nation, may not count for much on a national scale. According to preliminary 1980 census figures, Utah has 1.5 million people and Nevada 800,000.

Although public opinion is only one ingredient in the president's decision, it is significant, however, in its effect on Sen. Paul Laxalt of Nevada and Sen. Jake Garn of Utah, both conservative Republicans who are hawkish on national defense issues and have direct access to the White House. Indeed, Sen. Laxalt is numbered among the president's closest friends and advisers in the capital.

Some political figures in the two states, including Mr. Matheson and Gov. Robert List of Nevada, both Democrats, are opposing the \$40-billion MX plan. But so far neither Sen. Laxalt nor Sen. Garn has come out directly against the deployment plan, although both have said they favor some alternative basing system.

Still, both senators have made it clear that if the president concludes that there is no alternative but to scatter the missiles in their states, they will abide by the decision, and they expect most of their constituents will as well.

Some congressional aides have said privately that they believe the church would drop its opposition if the president concluded there was no other way to go.

The Mormon statement, issued May 5 and wired to Mr. Reagan and the members of the Utah and Nevada congressional delegations, noted that church pioneers had chosen Utah as a "base from which to carry the gospel of peace to the peoples of the earth" and said that basing the MX system in the region would be a "denial of the very essence of that gospel."



MUSEUM PIECE — British Army engineers are in the process of dismantling the one-gun Spur Battery that has been overlooking the Strait of Gibraltar for nearly 50 years. The 144-ton gun, perched 1,000 feet up on the Rock of Gibraltar, was never fired in a crisis. It is scheduled to be exhibited outdoors at the Imperial War Museum at Duxford, England.

# Deaths of 3 Youths Held by Civil Guard Becoming Test of Madrid's Credibility

By James M. Markham  
New York Times Service

MADRID — An investigation into the deaths of three young men at the hands of the Civil Guard is turning into a major test of the independence of the Spanish judiciary and the credibility of the government of Premier Leopoldo Calvo Sotelo.

The Almeria case, as it has become known, has also raised questions about the ability of the government to control its security forces in the edgy political atmosphere that has taken hold since February's unsuccessful military coup.

On May 7, Luis Cobos, Luis Montero and Juan Manas arrived in Almeria in southern Spain from Santander, the northern city where they lived, to take a vacation and attend a relative's first communion.

On the night of May 9 they were arrested by Civil Guardsmen, who took them for Basque separatists. The next morning they were dead. Their charred, bullet-ridden bodies were found in a burned rented car on a lonely road.

The arms and legs of two of the men were missing and an autopsy found that many of their bones were broken. The Civil Guard agreed to return Mr. Manas' body to his family on the condition that his coffin not be opened.

On May 21, Interior Minister Juan Jose Roson gave a subcommittee of the Cortes (parliament) the government version of what had happened.

Recalling that on May 7 Basque ETA separatists had killed three soldiers in Madrid in an attack on an aide to King Juan Carlos, the

interior minister blamed the overheated political atmosphere for a "tragic error." After a number of citizens had spotted the youths in Almeria, taking them for terrorists, he said, the Civil Guard detained them.

They gave evasive answers. Two pistols were found in their car. Handcuffed, they were being driven to Madrid for questioning when they overpowered the two Civil Guardsmen accompanying them, hurling them from the rented Ford.

Lt. Col. Carlos Castillo Quero, in another vehicle, ordered his men to fire at the wheels of the Ford. It spilled into a ditch and caught fire, killing the three men.

Opposition legislators greeted Mr. Roson's version with angry incredulity. How could three handcuffed youths overpower two armed Civil Guardsmen? Why were the bodies riddled with bullets that had come from various directions? Why had the two pistols not been produced? Why did a plainclothes Civil Guardsman tell a group of people who came upon the burning car that the victims had been removed?

"Why were these three young men killed if the death penalty does not exist in Spain?" asked Carlos Sanjuan, a Socialist member of the Cortes. "If we don't have a convincing answer I have to think we are before a triple crime."

Mutilation

The government's credibility has already suffered a hard blow in the case of Jose Ignacio Arregui, an ETA militant, who died Feb. 13 in Madrid after being held incommunicado in police custody for 10 days under an anti-terrorist statute. His body showed signs of torture, including burns on the soles of his feet. Mr. Roson still maintains that Mr. Arregui died of a lung condition.

U.S. Admiral in Belgrade

BELGRADE — Adm. Thomas Hayward, the chief of U.S. naval operations, conferred Monday with Yugoslav Defense Secretary Niola Lubjic, the Tanjug news agency reported.

# Civil Servants Step Up Actions In U.K. as General Strike Looms

By Maureen Johnson  
The Associated Press

LONDON — A series of sporadic, rotating strikes by Britain's 530,000 civil servants entered its 14th week Monday with an intensification of disruptive actions and the clear prospect of a two-week total stoppage that would paralyze every government facility.

"We now face the acid test of civil service trade unionism," Ken Thomas, secretary of the 234,000-member Civil and Public Services Association, said following the collapse Friday of the latest round of settlement talks.

Leaders of the nine civil service unions will start polling members this week on support for an all-out stoppage. Ballotting will take 10 days.

A majority vote for a general strike appears almost certain, but it is expected to come at the expense of unity among the unions. The 9,000-member Association of First Division Civil Servants, the top earners, and the 100,000-member Institution of Professional Civil Servants, also largely senior officials, say they will not join a total walkout.

Braising Battle

The battle — the most bruising yet between a British administration and its bureaucrats — has already hit widely.

Air travelers have been forced to check not only their flight time, but also whether the airport is open. Airlines say they are losing millions of pounds.

There is a backlog of more than 10,000 passport applications.

Last month, Royal Navy technicians were used to rearm a nuclear submarine after civilian employees refused to do the job.

And ministers say disruption at tax-processing computer centers has held up a quarter of state revenue and heavily distorted estimates of the money supply — the control of which is a key to Prime Minister Margaret Thatcher's rigorous monetary policies.

Treasury Minister Leon Brittain told the House of Commons that £3.5 billion (\$6.7 billion) is unaccounted for, but will be recovered.

For the Conservative government, the dispute is a test of determination to apply its anti-inflationary, tight-money policies to its own employees.

Lord Soames, the civil service minister, has stuck to the government's offer of a 7-percent raise.

Civil servants want a 15-percent increase — although most observers believe they would now settle for less — and restoration of a system linking their pay to private sector salaries.

The bureaucrats range from bowler-hatted permanent heads of

Whitehall ministries earning £33,000 a year — £5,175 more than Mrs. Thatcher's basic pay — to junior clerks and janitors making around £4,500. As far as is known, no ministry head has been on strike.

Recent moves on both sides appear to indicate a hardening of position.

Civil servants in many government computer centers and welfare benefit offices staged walkouts, marches and rallies in London and other cities Monday. It appeared there would be huge delays in payment of unemployment and welfare benefits.

Mrs. Thatcher's aides were reported Sunday as having indicated she might eliminate the names of

senior civil servants who strike from the Queen's Birthday Honors list, to be published Saturday. About 150 civil servants traditionally are mentioned in the twice-yearly list, with awards ranging from knighthoods to the more routine Order of the British Empire.

According to a series of reported leaks, strikers' promotion prospects could be threatened and difficulties created over vacation times.

Some observers now predict the strikes could continue for months. But union leaders say some strike funds are running low, and there is little public sympathy for bureaucrats with secure jobs when unemployment is at 10.6 percent, a post-Depression record.

# Jenkins Is First Candidate For U.K. Social Democrats

By Leonard Downie Jr.  
Washington Post Service

LONDON — Britain's new Social Democratic Party will test its popularity with voters for the first time this summer when one of its founders, former Labor Party deputy leader and Cabinet minister Roy Jenkins, seeks election to a recently vacated seat in Parliament.

Mr. Jenkins, one of the new party's four co-leaders, offered himself Monday as the Social Democratic candidate in a by-election in Warrington, an industrial city midway between Liverpool and Manchester in northwest England. Mr. Jenkins also will be supported by the Liberal Party in the first agreement of electoral cooperation between the two parties.

The Warrington by-election, expected to be held next month, will constitute an important challenge to the aspirations of the Social Democrats and Liberals to provide Britain with a realistic alternative to the rightist policies of Prime Minister Margaret Thatcher and the leftward drift of the opposition Labor Party.

With an aging working-class population, Warrington has been a safe seat for the Labor Party. The Labor deputy who resigned the Warrington seat last month to become a judge won 62 percent of the vote in the last election.

"Stand or Fall"

David Owen, a former Labor foreign minister who is now the leader of the Social Democratic group in the House of Commons, recently told a group of American correspondents here that the new party's chief problem was winning bedrock Labor seats, particularly in northern Britain.

Opinion polls and the new party's growing membership rolls show that the Social Democrats

are catching on most quickly in southern England and among middle-class Britons, currently the stronghold of Mrs. Thatcher's Conservatives.

Political commentators here said it was important for the Social Democrats that Mr. Jenkins finish at least a strong second in Warrington, beating out the Conservative candidate and winning a respectable share of the Labor vote.

Mr. Jenkins, 60, had been a Labor member of Parliament for 28 years and served as home secretary and chancellor of the exchequer in Labor governments. He played an important role in liberalizing British criminal laws and rallying political support for Britain's entry into the European Economic Community.

He was touted as a future leader of the Labor Party until he resigned as deputy leader in 1972 in a disagreement over the party's attitude toward the EEC. From 1976 through 1980, he served as president of the EEC's administrative European Commission in Brussels.

Toward the end of his tenure in Brussels last year, Mr. Jenkins made a series of speeches coyly urging the founding of a new centrist political party in Britain. With Mr. Owen and two other former Labor Cabinet ministers, Shirley Williams and William Rodgers, Mr. Jenkins later left Labor and founded the Social Democrats.

Mrs. Williams, the most popular member of the Social Democratic leadership according to opinion polls, was first urged to run for the Warrington seat. But she refused, saying she wanted to devote her energies to the national organization of the new party.

The Social Democrats have said they favor maintaining Britain's mixed economy and social programs.

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# SWAPO Leader Assails Reagan, But Seems to Offer Concessions

By Jay Ross  
*Washington Post Service*  
**SALISBURY** — The leader of the Namibian guerrillas, Sam Nujoma, is a man accustomed to moving on a two-track course in his single-minded effort to gain independence from South Africa. Usually, he speaks the rhetoric of war, sometimes he offers to negotiate.

Last weekend, however, Mr. Nujoma changed the routine somewhat. He escalated his attack on President Reagan, calling the president a "racist," but he also offered concessions that could help the United States persuade South Africa to move toward a settlement in Namibia (South-West Africa) — the site of Africa's most protracted independence struggle.

"I think Reagan is a racist," Mr. Nujoma said in an interview. It was a remark that "certainly won't be helpful" in the U.S. efforts to restart Namibian negotiations, a Western diplomat said.

**SWAPO Chief**

Mr. Nujoma, leader of the South-West Africa People's Organization (SWAPO), complained that Mr. Reagan's policy is based on the theory that the South African-controlled territory has "strategic minerals that are vital for the economy of the West... Therefore, South Africa must be supported at all costs. So our people are suffering because of American economic interests."

That was Friday. On Sunday, Mr. Nujoma told a rally attended by 30,000 people, which capped a week of Zimbabwe-Namibia solidarity demonstrations, that "we are prepared to give guarantees and safeguards to all white settlers in Namibia."

This could be interpreted to mean that Mr. Nujoma was moving in the direction of providing constitutional guarantees to the white minority, which numbers 100,000, just as the Reagan administration has been proposing to help the bogged down Namibian negotiations.

Washington would do this by having a constitution drawn up in advance of a cease-fire in the 14-year-old guerrilla war. The stalled, Western-devised UN settlement plan calls for a cease-fire to be followed by election of an assembly to write a constitution leading to independence. South Africa has balked at the plan.

The Reagan administration also wants a Namibia settlement linked to the withdrawal of the 18,000

Cuban troops in neighboring Angola, where most of SWAPO's forces are based.

It should be noted, however, that Mr. Nujoma also said, "We will not accept any other country, no matter how powerful, to draw up our constitution. That is the prerogative of the Namibian people and nobody else."

Mr. Nujoma's labeling of Mr. Reagan as a "racist" is an escalation in the polemics that he has been carrying out since the United States last month led the West in vetoing a UN effort to impose economic sanctions on South Africa because of its refusal to grant Namibia independence.

On balance, however, Mr. Nujoma, whom the South Africans regard as a Marxist terrorist, seems to be mellowing somewhat. White settlers, Mr. Nujoma said, were "welcome to live side by side with us in an independent Namibia like elsewhere in Africa."



Sam Nujoma

## Nkomo's Party Wins All Seats in Bulawayo Vote

*The Associated Press*  
**BULAWAYO, Zimbabwe** — Joshua Nkomo's Patriotic Front Party easily defeated Prime Minister Robert Mugabe's Zimbabwe African National Union for all 15 seats in the municipal elections in Zimbabwe's second largest city.

About 145,000 people voted peacefully over the past weekend. Mr. Nkomo's party, which draws the bulk of its support from the Ndebele tribe, is a minority partner in Mr. Mugabe's government.

Mr. Mugabe is a Shona, and his tribe makes up about 80 percent of the black population, but the Ndebeles outnumber Shonas in the Bulawayo area.

Mr. Nkomo's strong showing here may strengthen the hand of Ndebeles, who are resisting efforts to persuade Mr. Nkomo to merge his party with Mr. Mugabe's party. More than 300 persons were killed in clashes between Mr. Mugabe's Shona supporters and Mr. Nkomo's Ndebele backers in December and January.

The city elections here were postponed twice for fear of more violence. Heavy police patrols were conducted during voting.

**Worked on Railway**

Mr. Nujoma worked on the railway and was a clerk before getting involved in politics and helping to found SWAPO in 1959. After a brief prison term he went into exile in 1960 and took Mr. Namibia's case to the United Nations.

Like Mr. Mugabe during Zimbabwe's war years, Mr. Nujoma has had to get weapons from the Communist world, mainly from the Soviet Union. This seems to be the basis of much of his Marxism.

"We never studied Marxism-Leninism," he said in the interview. "We met the Communists outside our country. They are friendly to us, therefore we are friendly to them."

"Certainly we are not going to be capitalists... It is capitalists who are giving arms to South Africa to kill our people."

At the rally, Mr. Nujoma ridiculed Mr. Reagan's recent remark that South Africa had stood by the United States in all wars. He re-

ferred to the pro-Nazi past of some South African leaders.

Mr. Nujoma has spent the last 21 years in exile. SWAPO began guerrilla warfare against South African forces 14 years ago after Pretoria spurned UN demands for Namibian independence.

From most reports, SWAPO's struggle has not been going well lately. Mr. Nujoma is reluctant to discuss military matters or the number of guerrillas in Namibia. Most analysts think it is in the hundreds rather than the thousands with about 6,000 to 8,000 based in neighboring Angola where South African troops attack them almost daily.

South Africa has at least 20,000 troops in Namibia and does not appear to be hurting appreciably because of the war.

**Tanzania Fuel Rationing**

*Reuters*  
**DAR ES SALAAM, Tanzania** — Residents here began purchasing fuel with ration cards Monday. In addition to high-priced gasoline, a ban on Sunday driving and fuel sales only three days a week, drivers with small cars receive a ration of 20 liters (5.3 gallons) per week and those with larger cars get 30 liters (8 gallons).

## Indian Minister, in Pakistan, Urges Closer Relations

*Reuters*  
**ISLAMABAD, Pakistan** — India's foreign minister, P.V. Narasimha Rao, offered Monday to bury past differences between India and Pakistan and proposed building a new relationship based on friendship and cooperation.

The Indian minister, making his first visit to Pakistan, is here at a time when relations between the two neighbors are at a high level of mistrust as a result of Pakistan's decision to modernize its armed forces with U.S. help.

Mr. Rao said upon his arrival at Islamabad airport that the Indian government was committed to respecting Pakistan's national mi-

ty, territorial integrity, political independence and sovereign equality.

The Pakistan government, worried by what it considers an increasingly hostile Indian government under Prime Minister Indira Gandhi, sees Mr. Rao's visit as an important opportunity to explain its case and avert misunderstanding.

**Guarantee of Independence**

The Indian government is apparently concerned that a U.S. arms deal with Pakistan would lead to a military buildup and possible heightening of superpower rivalry in the region.

phenomenon of complex, affinities and doubts," he said. "This could now be consigned to the past, if we so wish. India wishes it sincerely. Let us give ourselves a chance."

The two nations have fought three wars since gaining independence from Britain in 1947.

The government-controlled Pakistan Times newspaper said in an editorial Monday that Islamabad hoped Mr. Rao's visit would provide fresh momentum to the process of peace between the two countries.

Mr. Rao is to meet Tuesday with Pakistan's military ruler, Gen. Mohammed Zia ul-Haq.

Refering indirectly to this, Mr. Rao said that India welcomed Pakistan's recent admission to the non-aligned movement. Nonalignment, he said, was the only guarantee for Pakistani independence.

Mr. Rao said Mrs. Gandhi's government was not insensitive to Pakistan's concerns and it believed Pakistan's stability and strength contributed to the well-being of the region.

He said that because of the shared traditions of the two countries cooperation between them made good sense.

"In the last 30 years we have had a checkered relationship, now cordial, now strained — a mixed

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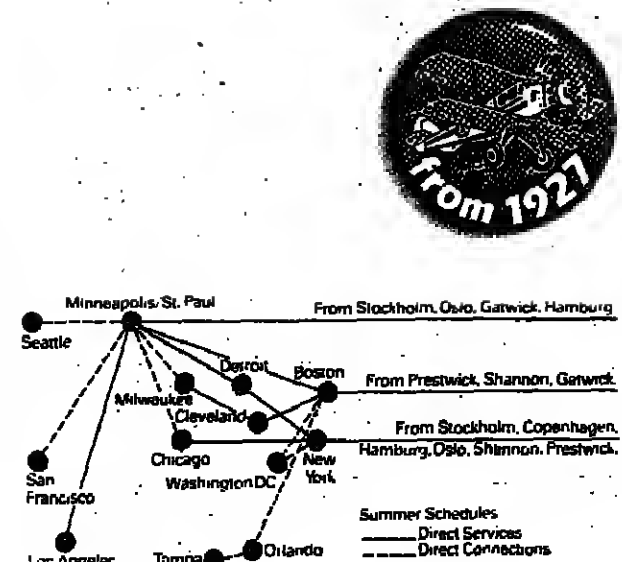
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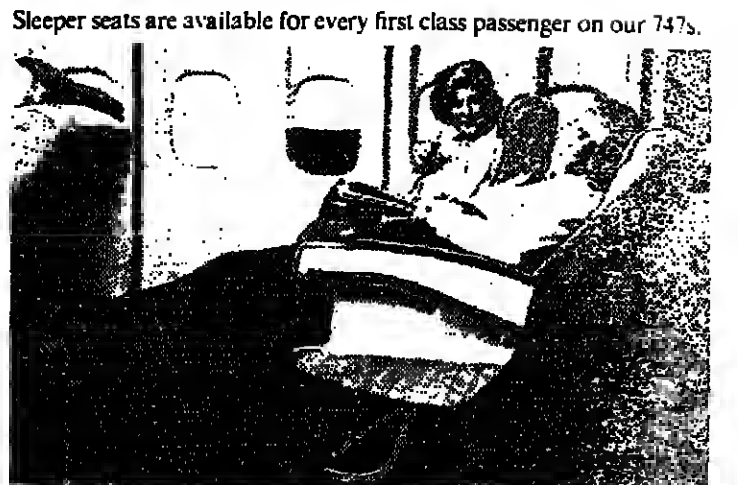
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# Republic's Growth Has Not Been Painless

By Jacqueline Reditt

**SEOUL** — The fifth Republic of Korea was inaugurated in March of this year, and political and economic observers are watching its progress and monitoring its problems like overanxious parents — mindful that it was conceived in violence and born out of more than a year of turbulence and trouble.

The 18-year authoritarian rule of President Park Chung Hee ended abruptly in October, 1979, when he was shot by his intelligence chief. Although this was not the first attempt on his life — his wife had been killed by a bullet meant for him five years before — the nation was ill-prepared for the sudden power vacuum. Premier Choi Kyu Hah was put into the presidential seat but was never seen as anything more than a caretaker.

After the first shock, an unusual and exciting freedom began to be felt. Opponents of the Park regime, silenced for so long, ventured open criticism. Some of Mr. Park's staunch supporters began to admit cautiously that their great leader had hung on to power too long, losing touch with the people

and their needs. Even the economic miracle, which had transformed the republic from a poor agricultural community to a fast-growing industrial nation, had faded toward the end of his rule, although rising world oil prices were causing the economic recession rather than any fault of the president.

Coup by Generals

But liberal opposition hopes were dashed less than two months after the assassination. A group of generals led by the little-known Maj. Gen. Chun Doo Hwan, loyal to the ideals of the Park regime, moved troops into Seoul on the night of Dec. 12. After a few accidental gunfights, they arrested their own army chief of staff and martial law commander with four other generals who were, they alleged, involved in Mr. Park's assassination.

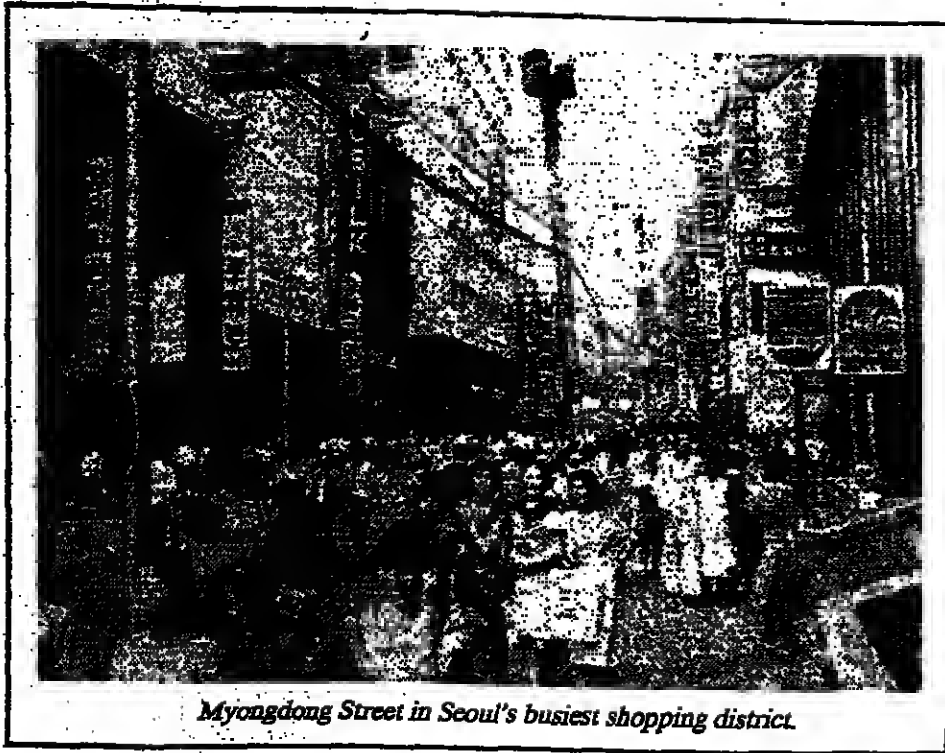
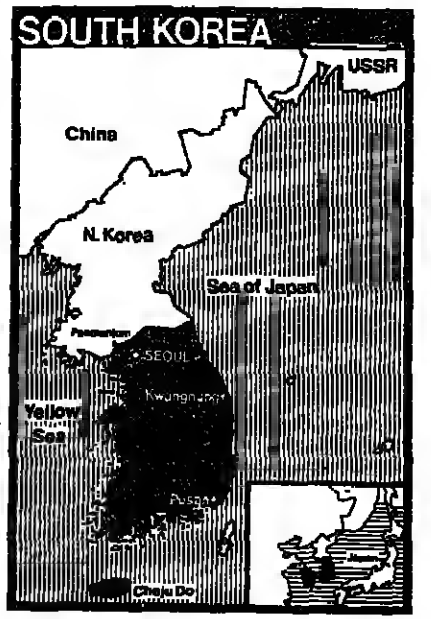
With the wisdom of hindsight, observers later offered the opinion that Gen. Chun's ascent to the presidency was clearly mapped out from that night. After a wave of dismissals and new appointments in the military, Gen. Chun retired briefly from the public eye. Four months later he was back, appointed

acting head of the powerful Korean Central Intelligence Agency, which he promptly purged, dropping 33 section chiefs and many other staff members.

Although the local press was still quoting Gen. Chun as saying, "I myself am not interested in politics," he was increasingly recognized as a serious contender for the presidency. In the spring of 1980, the dissident Kim Dae Jung and the leader of the New Democratic Party, Kim Young Sam, entered into an uneasy partnership in a bid to consolidate the opposition. With Kim Jong Pil, leader of the majority Democratic Republican Party, they were considered the main potential presidential candidates.

Had the politicians been allowed to muddle along to eventual elections, it is doubtful that the electorate would have chosen Gen. Chun, who was then closely identified with Mr. Park. But Mr. Choi, through indecision or perhaps under pressure, refused to set a definite date for the elections, and across the country students began protesting the delay.

If Gen. Chun and the military needed an



Myongdong Street in Seoul's busiest shopping district.

## SOUTH KOREA

A SPECIAL SUPPLEMENT

## INTERNATIONAL Herald Tribune

Published with The New York Times and The Washington Post

PARIS, JUNE, 1981

### Country's Shipbuilding Remains a Bright Spot

**SEOUL** — At a time when many industries have been set back by political instability, rising oil prices and a worldwide recession, South Korean shipbuilding has been a shining light in the economic gloom.

Lloyd's shipping economist recently listed South Korea, which has an installed capacity of about 4 million gross registered tonnage a year, as running second to the Japanese in the world's shipbuilding order book.

T.K. Lee, senior manager of the giant Hyundai Corp.'s ship sales department, said of 1980: "We received 23 orders amounting to \$760 million, our best year so far in terms of orders received." He added that the recession had, of course, affected the company — "We've had to try harder to survive."

This casual comment offers a clue to the industry's success. A determination to survive, a willingness to work hard and the taste of success have affected workers and senior executives alike.

Okpo Shipyard

The Daewoo group's as yet untested and unfinished Okpo shipyard began operations last year. The yard won 17 orders worth \$360 million in 1980, and total orders to date amount to \$825 million.

Between them, Hyundai and Daewoo dominate the industry, with Hyundai having a capacity of 2 million gross tons and Daewoo reaching 1.2 million. Hyundai Heavy Industries completed its shipyard, with three dry docks, at Ulsan on the southeast coast in March, 1973. It has since delivered about 200 large ships and received orders from more than 16 countries.

The yard was originally geared to building large crude carriers, but has diversified, constructing a variety of oceangoing vessels, including supertankers, general cargo ships, bulk carriers, container ships, pure car carriers and forest product carriers. The shipyard also can construct a range of barges, semi-submersible drilling rigs and workboats for offshore and port operations. "I think we have been successful in spite of the recession because of this quick diversification," Mr. Lee said.

Daewoo is a newcomer on the shipbuilding scene. Its Okpo yard on Koje Island, about 47 kilometers south of the major port of Pusan, covers an area of 3.17 million square meters, and its most important characteristic is flexibility, designed with future oil shortages and high prices in mind. British shipbuilding consultants, A and P Appledore, designed the yard and, with the Norwegian company Det Norske Veritas, provided much of the technological expertise and management information system. The dry dock, one of the largest in the world, can accommodate different sizes and types of ships at the same time.

Wage Increases

The construction of a 900-ton crane is expected to be completed by early October, at which time the yard will be officially inaugurated and two stainless steel chemical tankers ordered by Norway will be launched four months in advance of schedule.

Both companies have full order books up until the first quarter of 1983. Good labor relations and comparatively low wages are vital if the shipyards are to maintain their present high standards and low prices.

At present, an average wage on the shop floor is about \$3.70 an hour, and wages are generally increasing at a lower level than inflation so this is not an immediate problem. However, South Korean shipbuilders are aware that they cannot expect to have this advantage indefinitely, so they are seeking increased productivity — South Korean ship-

yard workers are still rated as less productive than Scandinavians and Japanese.

Unions, many of them formed by management, are relatively quiet. At Okpo, built on an island of rice paddies and fishing villages, Daewoo had to supply all facilities to tempt workers to join them. Housing is provided at 50 percent less than the market rate, and schools and hospitals have been built and staffed, as well as shopping and entertainment facilities.

Daewoo workers are expected to put in long hours and a six-day week but executives, wearing the same uniform, do likewise. Wives are encouraged to work alongside their husbands, and the "Daewoo family" image is carefully cultivated.

Daewoo and Hyundai emphasize that, apart from an initial five-year tax break, they do not receive direct government subsidies or tax concessions. However, the state-owned Korea Development Bank does hold 49 percent of Okpo's \$140-million equity, with Daewoo retaining the other 51 percent.

Although shipbuilding is a priority industry in the country's economic development and the Export-Import Bank of Korea sometimes helps with yard export credit, "money is short and the Koreans are not often as competitive as the Japanese or even the Singaporeans in credit terms," a foreign trade source said.

According to the government's projected five-year plan, shipbuilding capacity will be increased to 6 million gross tons by 1986. A recent report said that Samsung Shipbuilding Co., Ulsan, and Wain shipyard, would expand to become a third major yard. Of four other existing smaller yards — Korea Shipbuilding and Engineering Corp., Daedong Shipbuilding, Incheon Shipbuilding, and Daesun Shipbuilding and Engineering — two would be boosted to medium-size yards capable of producing 500,000 dwt vessels, the report noted.

Under the plan, Daewoo's shipbuilding capacity is to increase to 2 million gross tons by 1985. The president of Daewoo Shipbuilding and Heavy Machinery Ltd., Hong In Kie, said however, that as far as Daewoo was concerned the expansion plan was only under review. Okpo's modern automatic steel-cutting system, with a production capacity of 300,000 tons a year, could already handle the proposed expansion but one or even two more dry docks would have to be built.

The rapid growth of shipbuilding is inevitably provoking concern among traditional maritime nations, and foreign observers have warned that getting enough orders to justify further expansion will depend increasingly on the extent to which other shipbuilding nations retaliate.

Japan is the main threat. "Japan is too greedy," said a senior South Korean executive. "Of all the advanced industrial nations, it is the only one still trying to dominate the industry."

Mr. Lee of Hyundai said: "This is a resource-poor country and we depend on our export industry. Shipbuilding is labor-intensive and we have labor. It is somewhat absurd for the developed countries to be so worried. Our share of the world's total orders is only about 7 percent on a gross tonnage basis, while Japan has about 55 percent. Traditional shipbuilders should now specialize in sophisticated vessels, leaving the simple shipbuilding to developing nations."

He also pointed out that in general South Korea has to import about 50 percent to 60 percent of the materials needed for shipbuilding. Where do these materials come from? Mainly Japan.

—JACQUELINE REDITT



MEMBERSHIP in churches is increasing rapidly in South Korea, where there are 11 million Buddhists and 6 million Christians. See article on Page 8S.

### Life Under the Threat of Conflict

**SEOUL** — Any consideration of South Korea's policies and the motivation of its leadership must take into account the republic's fear that the fratricidal, three-year Korean conflict, which ended with the armistice of 1953, could flare up at any time.

Many critics of successive South Korean regimes have accused the military-backed leadership of using the war bogey to justify repressive measures against civilians. They cite official reports of Communist saboteurs fomenting violence among the people of the provincial capital of Kwangju a year ago, and efforts to label the dissident and onetime presidential candidate Kim Dae Jung as a Communist fellow traveler.

Whatever the merits of the government's case for these allegations — according to international jurists, the evidence was flimsy — the fact remains that Communist North Korea is only about 20 miles north of Seoul, and its president, Kim Il Sung, has apparently not abandoned his policy of uniting the peninsula by force under Communism.

In the day-to-day life of the capital, the visitor would be hard put to detect evidence of this sense of military urgency as he jostles among well-dressed locals on the pavements and in department stores bursting with goods of all descriptions. The tree-lined avenues, neat flower beds and manicured lawns typify a country on the way up.

Observing Curfew

But the signs are there, so commonplace to locals that they are largely ignored. They do not ignore the curfew, though, for that could mean a night in jail, at least. As midnight draws near, the rush of taxis takes on a frenetic pitch. Police armed with carbines begin pulling striped, tubular steel barriers into place. The city lights are largely dimmed apart from essential traffic — dustcarts, construction trucks, police and military patrols.

At night, tanks and armored personnel carriers can occasionally be heard rumbling through the tunnels that cut through the tree-covered hills that dissect Seoul. Many of the hills are security areas and prohibited to Sunday strollers. But from others can be seen military vehicles and troops in army compounds, emplacements for guns, communications posts on hilltops.

Looking down into schoolyards one may see children drilling. Employees are whisked away at a day's notice for military training. On roads north of Seoul, tank traps line the rice fields and bridges are equipped with sliding steel shutters to blunt an attack.

Standing Armies

And there are the American soldiers, towering men in reefer jackets emblazoned with gaudy Korean dragons, men with Georgia accents, wearing Stetsons and cowboy boots, in the village outside a U.S. military base. There are about 39,000 U.S. servicemen based in South Korea, and President Reagan has made it clear that, unlike his predecessor, he has no intention of moving them.

Two of the largest standing armies in the world face each other across the 150-mile demilitarized zone from the Yellow Sea to the east

coast. President Chun Doo Hwan reminded Americans during his visit to Washington this year that North Korea had great military superiority over the South — at least 100,000 more ground troops and twice the number of aircraft, artillery pieces and ships.

Northerners are conscripted for seven years. Southerners for as little as 33 months. The North has more soldiers trained in guerrilla warfare. In the past year, the Seoul government says, Communist infiltrators have been killed after penetrating to the South by river, from disguised trawlers, in submarines and diving gear. Several tunnels dug through solid granite under the DMZ had been reported.

How many infiltrators got through undetected and how many fresh tunnels have been dug is questionable. Anti-South propaganda is belittled through loudspeakers across the DMZ and broadcast by Pyongyang radio. Balloons, regularly drop leaflets into South Korea denouncing "the murderer Chun Doo Hwan" and his "dictatorship raised on the chest of Yankee imperialism."

But the equation for a successful Northern invasion would have to take into consideration more than South Korea's armed strength and the U.S. military commitment to Seoul. The Soviet Union, China and Japan are essential factors for one aiming to disturb the strategic equilibrium in the region. The Chinese inter-

vention was decisive during the Korean conflict. The Soviet Union is now the main supplier of those arms that North Korea does not produce itself.

China Trade

The North relies on both Communist powers for almost all its oil. But Peking has denounced Moscow and moved closer to Washington. South Korea, without seeking publicity, is actively trading with China. President Chun has suggested that the United States try to persuade China to recognize the Republic of Korea, whereupon the South would accept U.S. recognition of the existence of North Korea.

Japan, with a territorial claim against the Soviet Union, trades with both North and South Korea while officially recognizing only the South.

The key to the question of future security may lie primarily with the Northern leader, Kim Il Sung. He has succeeded his son, Kim Jong Il, in a position to succeed him. Some would like to interpret this as meaning that the elder Kim will be content to hand his dream of uniting the peninsula under Communism to his son, rather than attempt to achieve it in his own lifetime. But South Korea's leaders show no signs of dropping their guard.

—JACQUELINE REDITT

### Planners Hoping to See New Economic Growth

Special to the IHT

**SOUTH KOREA** is battling a recession that is considerably worse than that suffered by many of its neighbors and competitors.

Last year South Korea's gross national product fell by 5.7 percent, and government ministers are now drawing up a five-year plan that will attempt to indicate the direction that the economy will take until 1986. This plan envisages an export-led GNP growth of about 5 to 7 percent annually without a devaluation of the won.

The decline last year followed a decade of steady growth, in which the real GNP increased by nearly 10 percent a year. Much of the decline was chalked up to the inflation rate — 44 percent — and the resulting damage to exports.

Wages increased by more than 30 percent in each of the last three years, but this was not enough to keep up with inflation.

South Korean and foreign businessmen now say that the latest indicators show a gradual strengthening of the economy, but that a certain amount of hesitation is still inhibiting investments and purchases orders.

Bad Luck

In some respects the South Koreans have had bad luck. A political crisis, the world recession and a harvest failure within the same year. But government planning did not help matters.

After the oil crisis in 1973, the government's planners took the view, as did the U.S. economist Milton Friedman, that the Organization of Petroleum Exporting Countries would collapse. They continued to invest in such oil-intensive industries as petrochemicals, aluminum refining, copper refining and oil-powered electrical plants.

The second major oil price rise, in 1979, forced a shift in this viewpoint. Even before the assassination of President Park Chung Hee in October, 1979, a decision had been made to

reverse the policy. It was assumed that the oil import bill (\$6.6 billion in 1980, close to a third of all imports) would continue to dominate the foreign trade statistics, and the government said it would relinquish its dominant role in the economy.

But such a decision has not proved easy to implement. South Korea still has a security problem not faced by many of the other growing economies of Asia. (Military planners assume that the country would have only 24 hours' warning of any invasion from the North.) The old policy of encouraging self-sufficiency in food production is using an increasingly large proportion of the budget. And President Chun Doo Hwan is equally unwilling to bankrupt many of the large industries.

South Korean business can be divided into two camps: small firms making textiles, electronic goods, rubber shoes and the other items that are part of the economy of any newly industrialized country; and heavy industries, called into existence by the government rather than by the dictates of a naturally growing economy.

This is the world of "South Korea Inc.," the

Area ..... 38,452 square miles

Population ..... 39 million (est.)

Currency ..... \$1 = 660 won

Per capita annual income ..... \$1,225

shipyards, automobile factories and steel mills — controlled, though not always in theory, by the government, through the general trading companies.

General trading companies are granted special privileges, such as advantageous loans, access to foreign currency and the ability to stand up to and sometimes overcome the bureaucracy. A complicated mixture of cross-holding, pyramid borrowing and feudal management lies behind these concerns, though which the government attempts to control the economy. Here foreign money has been borrowed, licenses taken out, infrastructure developments created — yet all are short of work and over-borrowed.

The government of President Chun had two options when it took office: It could attempt to take over these businesses and run them as nationalized companies, or it could cut them loose from government strings and subsidies and let them sink, or swim, on their own. It tried both, without notable success.

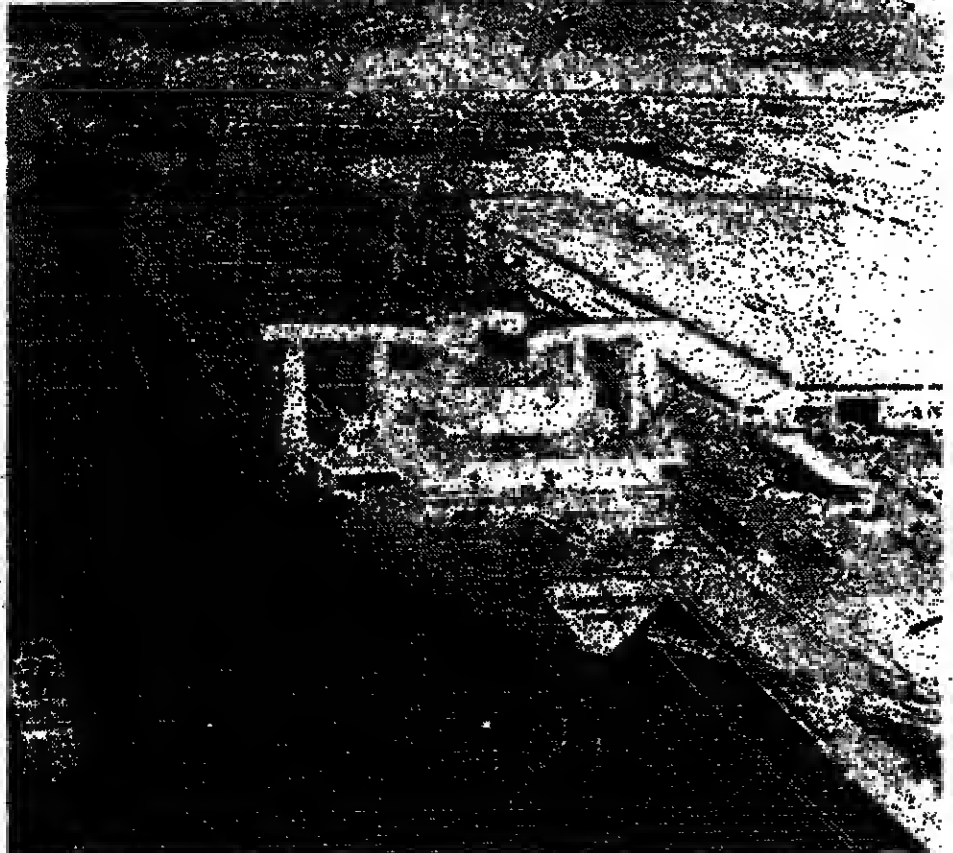
It sought to realign the general trading companies, to merge the automobile firm and "rationalize" the electronics industry. Meanwhile, government ministers were talking about reforming the whole system.

Advisers' Viewpoint

The government economic advisers are mostly U.S.-trained economists who have an idea of an open South Korean economy, with Singapore or Hong Kong as models.

They want the government to cut its ties with business, reduce government control, liberalize imports, cut subsidies and bring order into the complicated series of monopolies and regulations that make up the "heavy" part of South Korean business.

Most observers agree that further reforms will have to be introduced in many areas of the economy if the policy-makers are to attain their goals.



A ship under construction at Hyundai yard at Ulsan.



A Military Armistice Committee meeting at Panmunjom during which alleged violations of the armistice are discussed. Representatives of the United Nations Command are on the

left side. Sitting on the right side of the table, which is divided by a cord, are representatives of the North Korean government and of the Chinese Peoples' Voluntary Forces.



# SOUTH KOREA

## Workers Push to Stay Even With Inflation

By Ann Charters

SEOUL — South Korea's workers received long-overdue recognition for their role in the economy when President Chun Doo Hwan elevated the top-ranking government labor official to the rank of minister this spring.

The move, in step with the new government's avowed goal of promoting the welfare of its citizens, will give labor a voice in Cabinet-level decisions, but will not be sufficient to contend with the increasing demands being placed on the country's work force.

The 7-million-strong industrial labor force experienced a decline in real wages last year and is being pressured to settle for an increase below the rate of inflation again this year. Because only 25 percent of these workers are organized into unions, a new labor law went into effect in January requiring companies to set up an employee-management council. The purpose of the law was to provide an outlet for labor grievances within each company and require that workers and management actually address mutual concerns in a formal setting.

According to officials of the Ministry of Labor Affairs, the councils were needed because the government felt that it had to protect workers whether they were represented by unions or not. It was thought that the councils

South Korea's industrial trade unions, representing 1.7 million workers, have been going through difficult times. Last summer, the top leadership in 12 unions was removed in the government's wide-ranging purge of what were termed unacceptable elements.

could serve as a safety valve for pressure building up at the factories.

Working conditions are already detailed in law, but the councils can discuss issues that affect workers, such as improving productivity, the promotion of employee welfare, safety, health and the working environment. Management must report and explain management policies, production plans and results, in addition to manpower programs. Labor must explain its demands at the council.

The councils are not designed to supplant unions and are not permitted to strike or to engage in collective bargaining. Yet, according to ministry officials, they can discuss wages, the prevention of employee-management disputes, the handling of grievances and other topics relating to labor-management relations. For the large num-

ber of South Korean companies whose workers are not unionized, the new law may result in management's taking action on long-standing grievances, but it is still too early to tell.

There are signs that companies are at least taking the letter of the law to heart and setting up councils. In some instances, when employers overzealously appointed the workers to sit on the councils, the government stepped in and allowed the workers to choose their own representatives. Labor Ministry officials say that they have seen no change in the number of disputes that their regional offices handle, but the councils have only been operating for four months.

### Difficult Times

South Korea's industrial trade unions, representing 1.7 million workers, have been going through difficult times. Last summer, the top leadership in 12 unions was re-

moved in the government's wide-ranging purge of what were termed corrupt and unacceptable elements in all parts of society. Elections for new leaders, scheduled for last fall, were finally held early this year. When the Federation of Korean Trade Unions, an umbrella organization, held its convention this spring, some opposition members failed in their attempts to become part of the leadership. There was also a shake-up in the headquarters staff.

The unions are concerned about holding on to what they have achieved and are in no position to organize more of the work force. The law that required the formation of employee-management councils also weakened the unions. They are finding it more difficult to remain organized and to keep membership up since regional associations were prohibited, making the coordination of local unions difficult. Representatives of national trade unions cannot negotiate directly with companies on behalf of local unions, but serve as advisers, according to government officials.

### 58% Rise Sought

Yet the changes in union labor practices may have gone too far. With 80 percent of the union contracts still unsigned and almost a month overdue, the national trade unions are being urged to help the local unions finish their negotia-

tions. The trade union federation originally called for wage increases of 58 percent, taking into account inflation plus productivity. The government wants increases held to between 10 and 17 percent and gave only 10 percent raises to government employees.

The settlements will probably be close to 20 percent in increases tied to productivity — more than the government wants, but still representing a loss in real income to workers.

No serious problems are expected in the near future, but much depends on the economy. Millions of pamphlets describing South Korea's loss in export competitiveness to other developing nations were printed by the government and distributed in factories.

The prices of basic commodities such as rice are being controlled to help keep inflation down and the workers' cost of living from increasing too fast. There are signs that the lingering recession is easing and unemployment figures dropped slightly for the first quarter.

The textile industry, which is labor intensive, has been in full production for several months. If the trend continues and workers can see their take-home pay going further, the government may turn its attention to enacting long-debated pension plans, minimum-wage laws and unemployment compensation.

## More Temples and Churches

SEOUL — Dramatic growth has characterized many aspects of South Korea, and religion is no exception. At the end of the 19th century, there were only a few Christians and Buddhism was virtually dead, its temples in disrepair and its few remaining monks driven into mountain retreats, after seven centuries of persecution by the Confucian Yi dynasty.

Today there are 6 million Christians — about 15.4 percent of the population — and more than 11 million Buddhists. One is seldom out of sight or sound of a church, neon crosses mark the skyline and electronic bells jar the ear. It has been said that six new churches are established in the republic every day — no doubt an exaggeration, but official figures show that the Christian church has roughly doubled in size every decade for the last 40 years.

### National Holidays

The colorful and intricately painted Buddhist temples have been rebuilt and refurbished, and attract thousands of devotees and tourists every fine weekend; Buddha's birthday is a national holiday, as is that of Jesus. Even Islam has put down roots in recent years; there are splendid mosques in the two major cities, Seoul and Pusan. The residents of an entire village have become Moslems, converted by a Korean construction worker returning home after a tour in the Middle East.

The growth rate of Christianity — which, unlike Buddhism, does not have a long tradition in the East — is all the more startling if compared with Japan, where little more than 1 percent of the population is Christian.

In South Korea, there are about 1.2 million Catholics and 5 million Protestants of various de-

nominations. Another characteristic of South Korean Christianity, however, is an extraordinary fragmentation. Within the largest denomination, the Presbyterians, there are no less than four major churches and about 18 splinter groups. Although the established church leaders would like to see closer ecumenical cooperation, the evangelical competition generated by these schisms has probably actually increased the overall growth.

Horace G. Underwood, founder of Yonsei University, and the Rev. Samuel A. Moffett were two of the Protestant missionaries who arrived in South Korea in the late 19th century. Horace Underwood and Sam Moffet, grandson and son of the originals, are still there, as representative of the United Presbyterian Church U.S.A. and associate president of the Presbyterian Seminary of Korea, respectively.

Mr. Underwood attributes the growth of Christianity in South Korea to the spiritual vacuum that existed when the first missionaries arrived and to the turmoil and change that the nation has experienced in the 20th century. The Christian religions offered not only spiritual comfort but an organized structure, modernization, independence — in national and personal terms — and Western education.

Mr. Moffett says that the Protestant missionaries were lucky, "bringing the right message at the right time," unlike the Catholics, who had arrived a century before but had little success. He also emphasized another characteristic of the South Korean church — its vitality. Anyone attending the full gospel church on Seoul's Yoido Island will appreciate this as he joins the 10,000 people who race up the steps of the theater-like church for each of the three Sunday services.

— JACQUELINE REDITT

## A Republic Born Out of Turbulence Is Now Experiencing Growing Pains

(Continued from Page 7S)

excuse, they soon had one. Critics of the regime have suggested that the student demonstrations were deliberately allowed to get out of hand, thus justifying intervention by force. Certainly the riot police, faced with as many as 50,000 students marching through the streets of Seoul for three consecutive days, showed remarkable restraint, using only tear gas and an occasional baton to control the crowds.

On the fourth day, May 17, 1980, the students withdrew but that same evening police rounded up many political and student leaders, and martial law, already partially in force since Mr. Park's assassination, was declared total and nationwide.

The following day, paratroopers were sent in to crush a demonstration by about 300 students in the southern provincial capital of Kwangju. Reports reached Seoul

that youths, many of them neither students nor demonstrators, were being dragged out of their houses, sometimes stripped in the street and beaten. The citizens of Kwangju were so outraged at the brutality that they fought off police and troops in a general uprising that lasted 10 days and left an official death toll of 189 and more than 400 wounded.

After Kwangju, universities were closed and political activities banned, and press censorship became absolute. A series of purges occurred through all levels of society. Thousands lost their jobs or were sent to re-education camps to "revitalize their patriotism."

### Kim Sentenced

Kim Dae Jung, found guilty by court-martial and the civilian Supreme Court of attempting to overthrow the government and instigating the Kwangju insurrection, was sentenced to death.

### President Visits Reagan to Put an End to 'Inconvenient' Relations

In September, Gen. Chun succeeded Mr. Choi as president, having immediately revised the constitution. The new version dissolved existing political parties but was far more democratic than its predecessor, limiting the president to a single, seven-year term, and so won overwhelming support in a referendum.

The new president's last major restrictive measure was to ban 567 former politicians from political activity for the next eight years. Apart from that, President Chun set about expediting promised democratic reforms and relaxing the harsh restraints he had imposed. New political parties were permitted, martial law was lifted, overt press censorship ended. Kim Dae Jung's death sentence was

commuted to life imprisonment and most of those convicted because of the Kwangju violence eventually had their sentences reduced or were released under a series of amnesties.

In March, President Chun won a sweeping victory in the presidential elections by electoral college. The newly formed Democratic Justice Party, which he agreed to lead — admitting, "I am now indeed a politician" — won 54.7 percent of the seats in the new parliament in general elections, although gaining only 35.6 percent of the total votes. Its nearest rival, the opposition Democratic Korea Party gained 21.6 percent of total votes, giving it 29.3 percent of the seats. For the first time in 20 years, the Socialists are represented in parliament with two seats.

After nearly 18 months of uncertainty and unrest, the republic seems to have reached a calmer state, and the government is confident that domestic stability will be accompanied by an upsurge of economic growth.

### Foreign Policy

President Chun's foreign policy has been to improve existing relations and expand ties with developing nations and non-hostile Communist countries. He has already had success on the foreign front, and his peace overtures to North Korea, in the form of an invitation to President Kim Il Sung to visit the South, won approval at home and abroad, despite the fact that there were no expectations of success.

Relations with the United States

have improved. President Chun was the first foreign head of state to visit President Reagan, putting an end to what a South Korean government spokesman called the inconvenient relations that lasted through former President Carter's term of office. He won promises of increased U.S. military support.

President Chun hinted during the visit that South Korea might be ready to follow the United States into better relations with China — officially a deadly foe since the Korean War, although estimates of trade between the two countries ranged from \$300 million to \$400 million last year.

Patching up strained relations with Japan — highly critical of the Chun regime's treatment of Kim Dae Jung — has been a more delicate business. Seoul is sensitive to

any apparent interference in its domestic affairs by the former colonial power, and resents being in the economic shadow of Japan. But President Chun has said that he was willing to hold summit talks with Premier Zenko Suzuki.

South Korea has also made efforts recently to increase ties with developing nations, thus competing in foreign policy with North Korea. Two major achievements have been the opening of full diplomatic relations with Nigeria and Libya.

As President Chun's "new era" gets under way, there is little overt evidence that there is the kind of volatile opposition that existed last year. But the government appears recently to have prevented student protests by arresting many activists and flooding campuses with plainclothes policemen. Also, a flurry of leaflets condemning President Chun, and complaints by businessmen, expressed only in

private, of heavy government interference, suggest that bitterness remains.

There is no doubt that the army remains a major force — indeed, it has to be because of the situation with the North. Although President Chun and several other high-level government members have taken off their military uniforms, South Koreans recognize the army as the real power behind the presidency. "The military is the backbone of this country, no one can rule without its support, which makes for a rather precarious equilibrium," a South Korean journalist said.

But with the old leaders out of the picture and no new personality emerging to offer an alternative, many South Koreans appear to have settled for the peace, prosperity and security that the rulers of the fifth republic promise, although at the expense of full Western-style democracy.

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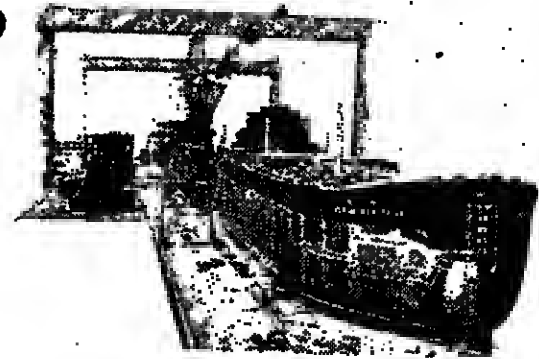


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# SOUTH KOREA

## Auto Companies Are Optimistic

SEOUL — 1980 was a bad year for South Korea's young automobile industry. The economic recession, rising oil prices, an anti-inflationary tight-money policy and a government plan to slow excessive growth with hefty taxes took their toll.

Since domestic automobile production began in 1962 with a modest 3,000 cars, the industry has grown rapidly, dominated by three companies. The largest is Hyundai Motor Co., part of the Hyundai conglomerate, whose main success has been the Pony passenger car. Since production began in 1976, Pony sales at home and abroad have totaled 222,000 units. Hyundai also makes the Ford Corina Mark 4, assembles a small number of six-cylinder Ford Granadas and produces buses and trucks.

Saehan is a newer company, a 50-50 joint venture between General Motors of the United States and the Daewoo group. Saehan produces the Gemini — its answer to Hyundai's Pony — the Rekord Royale, and about 65 percent of Korea's large trucks and buses. The Saehan bus plant turns out 500 to 600 buses a month.

**Korean-Owned Firm**  
Kia Industrial Co., like Hyundai, is totally Korean-owned but has strong links with Honda and has produced a small car called the Brisa, although its main strength has been the small and medium truck market.

In 1979, about 197,000 automobiles were sold, 166,000 in domestic

sales and the remaining in exports. In 1980, this dropped to a total of 126,000 units, of which 111,000 were domestic sales. According to trade sources, Kia lost about \$33.6 million in 1980, Hyundai lost about \$27.7 million and Saehan about \$19 million.

In the summer of 1980, the Standing Committee for National Security Measures, headed by Gen. Chun Doo Hwan before he became president, attempted to remedy economic problems, and the auto industry was one of the first targets.

**GM Unhappy**  
Chung Ju Yung, chairman of the Hyundai group, and Kim Woo Choong, the Daewoo chairman, were told that the strong competition between the two conglomerates was not in the nation's best interest. They were given a week to arrange a swap — one was to take the motor industry, the other the combined production of power-generation machinery. Although this action, involving assets of more than \$1 billion, left many foreign businessmen aghast, the two chairmen took it in stride. Mr. Kim, 44, left the choice to his elder, the 65-year-old Mr. Chung, who chose the motor industry.

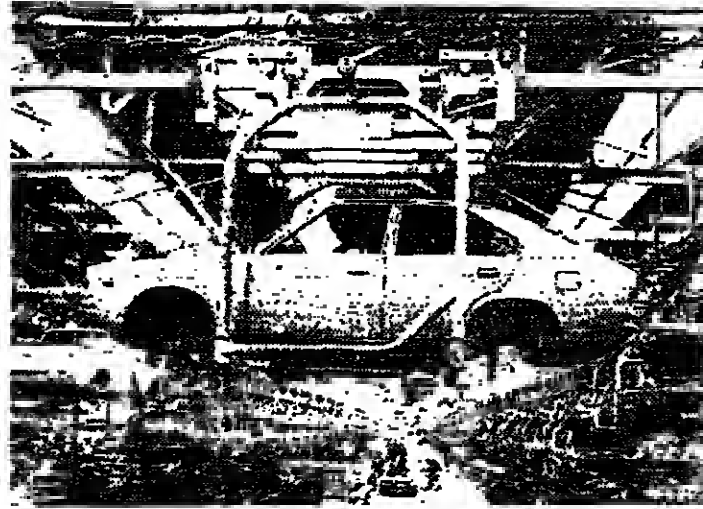
As it turned out, General Motors was distinctly unhappy when, following the government directive to join forces with Hyundai, it found that it was only being offered a 20-percent share, which would have given it little, if any, management control. Several

months of discussions got nowhere and at the end of February, the government economists, who to a large extent had been taken over from the military, who made the original decision, announced that the merger plan had been dropped.

The government allowed General Motors, remaining in partnership with Daewoo, to invest about \$1 billion before the mid-1980s. This was to enable GM to develop and export small cars along the lines of its world car concept — a family of cars based on an advanced design and interchangeable parts and components, which can be modified to meet government and customer demands in various countries.

However, Oh Chang Kuo, Saehan's manager for planning, coordination and public relations, said that Saehan had no definite plans yet. "We will stick with the Rekord Royale and the Gemini for at least a couple more years, though introducing the world car concept to Korea is under consideration for the future."

Instead of the GM-Hyundai merger, the government announced that Kia would merge with a smaller company for the production of small and medium trucks and light buses. As of Sept. 30, Kia will no longer be permitted to make passenger cars or pickup trucks, while Hyundai and Saehan will be prohibited from making one- to five-ton trucks, 25-passenger light buses and special purpose



The Pony assembly line.

vehicles. Large bus production will remain open to all.

With the problems of 1979-1980 well behind them, the automobile companies are optimistically moving on future plans, expecting to hit new sales peaks by 1983. In a bid to gain more of the taxi market, Saehan, following the success of the diesel Royale, plans to put diesel engines into the smaller Gemini. The increased retail price will be more than offset by the cheaper operating cost, according to Mr. Oh.

Although some market sources believe that Hyundai is also planning to go diesel, S.W. Chon, executive director of Hyundai Motor Co., said that, because the Pony already gets high mileage, there were no plans to install diesel engines.

Hyundai hopes to increase sales at home and abroad with variations on their successful models. With its very competitive price — about \$2,500 for the basic export model — the Pony has done well overseas despite strong competition from Japan and Europe.

With 9 percent of the labor force involved in automobile-related industry, automakers look to the government for support of a demand-creating policy. Mr. Oh said, "First we must have a solid domestic market. We can absorb three times as many cars as at present." A study showed that South Korea has one car for every 95.3 persons, which is very low compared with countries of similar economic development (Brazil has one for every 15.4 persons).

— JACQUELINE REDITT

## Banking Thrives at Two Levels

Special to the IHT

KOREA'S five big "commercial" banks are all partly owned and virtually controlled by the Ministry of Finance, down to the level of appointments of deputy managers of branch offices.

The government also runs the Korea Development Bank, which specializes in lending money at even more economic rates than the "commercial banks," and the Korea Export-Import Bank, which lends money to exporters on favorable terms.

The Bank of Korea, the central bank, is controlled by the Ministry of Finance, which has a veto on appointments of personnel and the renting of office space. The ministry itself is under the control of the Ministry of Economic Planning.

The Ministry of Economic Planning was until recently controlled by people who were determined to see South Korea grow into a second Japan. Instead of taking the 100 years that Japan took to turn from a peasant economy into an industrial giant, South Korea would take only 25 years, whatever the cost.

**Another Sector**  
Outside the official banking sector lies another banking sector.

In the center of Seoul is the garment district, Myeong Dong. Here, among the smart ladies' dress shops, can be found scruffy edifices where money can be borrowed or lent at interest rates that are about half as much again as those charged by the government "com-

mercial banks" and about double those charged by the Korea Development Bank or the Export-Import Bank.

It is a symptom of South Korea's economic troubles at the moment that the real rate of interest is below the official rate of inflation. During good times and with an economy of such growth potential, businessmen would be paying well over the rate of inflation on the assumption that things would get better.

**Two Plans Announced**

Kim Jae Ik, the economic adviser to the president, has put on record his dissatisfaction with the distortions created by the government banking sector, distortions that he sees as affecting not only the economic development of the country but the "social atmosphere" of big business.

The Ministry of Finance has announced plans to sell the commercial banks, introduce more foreign banks, free up the interest-rate structure and incorporate the skills of the "curb" market into the official sector. When pushed to give a timetable, however, the ministry is vague, and responses such as "about five years" create in foreign bankers a certain skepticism.

It appears that while the Blue House and the Ministry of Finance are in favor of the plan, the Economic Planning Board and the Bank of Korea are dragging their feet.

Two concrete plans have been announced. The most radical would be to allow the Bank of America and the planners say, any other foreign bank that is prepared to put up the money to open up as a retail bank in South Korea with a local partner.

A Bank of America spokesman said: "Certainly, we have held talks and have agreed in principle that we would be interested in retail banking in South Korea, with or without a Korean partner."

The Bank of America would want at least management control and a considerable number of branches in each of the major cities. A Bank of Korea spokesman seemed to be mystified by the idea of an American bank, even with a local partner, being allowed to open more than three or four branches in the whole country.

The other sign of a renaissance in South Korean banking was the announced sale of the government's shares in the Hani Bank, one of the big five "commercial banks." Observers are unsure as to whether the sale will mean that the

Hani Bank will become a private bank in the Western sense of the word. They point out that the considerable number of bad debts, loans agreed at unrealistic interest rates and other remnants of government control have not yet been isolated from other areas of the bank's activities.

**The Curb Market**

While the government is weighing plans to liberalize the banking sector, the financial activities are moving more and more in the direction of the curb market. Several discount houses specializing in buying commercial loans and documents have now become sizable financial institutions, dealing not only in bonds but also in stocks and shares.

The stock market has been bouncing back from an all-time low, but, to the distress of the government, the sectors that have been doing best are the financial institutions and the real estate business. Neither of these has a major place in the government's plans to lead the economy out of its depression.

Most of the share companies quoted on the stock market have, to Western eyes, huge borrowings compared with a flimsy capital base. The average price-earnings ratio of 3 on the Seoul exchange, compared with roughly two or three times that figure on the New York, London or Tokyo exchanges, means that considerable capital gains can be expected if the South Korean economy gets out of its doldrums.

Western investors might be attracted into the Korean Fund, a holding company for South Korean shares that will be established later this year by the government. The Korean Fund will be run by several of the securities houses as a vehicle for attracting foreign money into South Korean equities without the threat of a foreign takeover that might result from the market being opened for direct investment.

South Korea is underbanked, with only half the number of bank branches per thousand inhabitants as Japan. The passage of personal savings into investment is channeled through the government rather than the banks, and the resulting inefficiencies and distortions have had a detrimental effect on the economy's growth.

Government plans to open up the financial sector will have a revolutionary effect not only on the course of South Korean business but also on the social atmosphere of the country.

## Officials Seek a Resumption of Rapid Growth of Tourism Industry

Special to the IHT

SEOUL — The South Korean tourism industry emerged in 1978 as the 6th member in Asia of the "million group."

The Pacific Area Travel Association conference held in South Korea in 1965, a year when 33,464 tourist arrivals were recorded, was the turning point for the industry, which enjoyed a 34-percent average growth rate through 1979. This was caused partly by an active and effective advertising program by the Korean National Tourism Corp., the government agency for planning, promoting and training in the tourism sector, and by Korean Air Lines.

**Guarded Optimism**

The travel association again visited South Korea for its annual conference in 1979, and there were hopes in the industry for a continued high growth rate. But in 1979, South Korea recorded only a 4.3-percent increase over 1978, and the drop was largely attributed to the assassination of Park Chung Hee in October. The bitterness that was to culminate in the violence in Kwangju in May, 1980, brought the rate to a negative 13.3 percent.

Now there is guarded optimism that the Ministry of Transportation's objective of 1.18 million foreign tourists and earnings of \$420 million will be realized.

The majority of tourists in 1980 came from Japan, followed by overseas Koreans on home visits and by Americans, Malaysians and Taiwanese showed a significant increase of 28 percent and 25 percent respectively from 1979. This was caused partly by an active and effective advertising program by the Korean National Tourism Corp., the government agency for planning, promoting and training in the tourism sector, and by Korean Air Lines.

Among Japanese tourists, there has been a shift in the reasons for visiting since 1978. While earlier they tended to be men on pleasure tours, there has been an increase in family travel and in visits outside metropolitan areas.

There is a growing Japanese acceptance that in Korea are the roots not only of immigrants to Japan but also of great traditions exported from Korea, including Buddhism

and ceramic art. Work in the areas of Puyo and Kongju, southwest of Seoul, both capitals at different times in the Paikjae period (18 B.C. to A.D. 660), is bringing to light the influence of the peninsula on Japan during the 6th and 7th centuries.

Taiwanese visitors show great interest in Korean products, mainly blankets; ginseng, the medicinal herb for which Korea was known in the earliest annals of Chinese travel, and cuttlefish, caught off the east coast and dried in the sun on long bamboo poles.

**Cheju Popular**

One of the most popular destinations outside Seoul is the subtropical island of Cheju, with year-round pheasant hunting, saltwater fishing and scuba diving. Kyungju, the "museum without walls," Puyo and Kongju are treasure troves illustrating the intermingling and transmission of cultures.

Soraksan, Songnisan and Chirisan national parks offer pristine forest areas sheltering Buddhist hermitages often more than 1,000 years old. Nearer Seoul, each within one

day's touring, are Kangwdo Island, and Incheon, the major port of Seoul. There are also the picturesque drive to Chunchon along the Han River; Suwon's reconstructed defense walls and, nearby, a village that shows life in the days of the Yi dynasty.

According to Travel Market Yearbook, South Korea ranked 47th among 50 cities worldwide in 1980 in business travel costs. These costs were based on a single room for one night, a continental breakfast, service charges and taxes at a first-class hotel; a business lunch for two; round-trip taxi fare between the airport and the city center, and a popular brand of cigarettes. London topped the list at \$346.42. Seoul was listed at \$142.06.

At major travel destinations, accommodations range from sophisticated international hotels to adequately comfortable facilities. The *yojwan*, the traditional Korean inn, provides a bedroll on the floor and simple facilities, starting at about \$12 a night for a family of four.



NOW AND THEN — A fringed national flag (above), dating from the Yi dynasty in about 1882, was recently discovered in the national university in Seoul. Below, the present flag of South Korea.

Courtesy of the Korea

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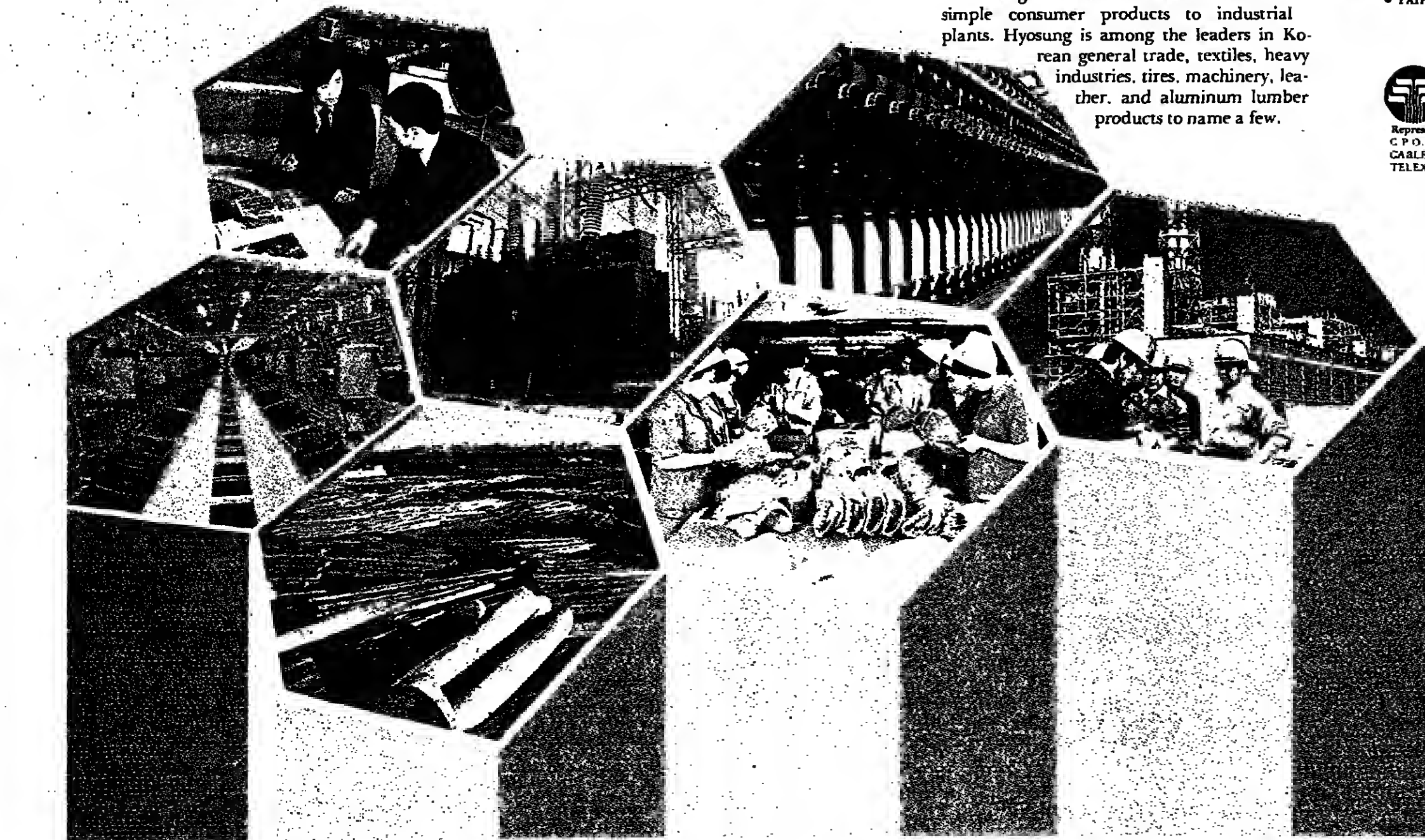
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# SOUTH KOREA

## Nuclear Power Gets a Big Push

SEOUL—South Korea is one of the world's largest potential markets for nuclear power station sales, with plans to have 43 nuclear plants feeding its electrical grid by the end of the century.

When the country's seventh and eighth nuclear power plant sites were inaugurated in February, President Chun Doo Hwan said that, by 1991, 12 nuclear plants would be in operation and 36 percent of South Korea's electricity would be nuclear generated. Nuclear power was the clear choice for a country dependent on expensive oil imports, the president said.

The search for domestic oil sources offshore continues, but the results have not been promising. The government policy is to switch to coal from oil wherever possible, and Seoul is also exploring other methods of power generation, such as solar and wave power.

South Korea's nuclear market has been dominated by Westinghouse Electric Corp., which was selected as the main contractor for six plants. Canada is building the only heavy-water reactor commissioned.

Washington-Seoul relations—and soft financing. A consortium of seven French banks provided 5.5 billion francs (now about \$1 billion) at 7.6 percent a year, repayable over 15 years, with an eight-year grace period.

Despite the growing nuclear program, the Ministry of Energy and Resources reported that South Korea's reliance on imported energy would rise to 78.9 percent of total requirements by 1986, from 71.5 percent this year. But the ministry said dependence on oil in the same period would fall to 48.4 percent from the current 61.1 percent as government conservation plans and the program of switching to alternative fuels took effect.

**Chinese Coal**

Planned 1981 oil imports should be around 209 million barrels, according to the ministry, and well over 90 percent will come from Saudi Arabia and Kuwait. The ministry estimated that South Korea will need to import 3.25 million metric tons of anthracite and 16.12 million tons of bituminous coal by 1986, an average annual increase of about 8.5 percent over current demand.

By 1986, coal is expected to be providing almost 31 percent of South Korea's energy needs under the present plan. Ironically, China, which does not recognize the Republic of Korea, was the country's main source of domestic heating coal last year. A second major supplier in the past has been another sworn enemy of the Seoul government—Vietnam.

The government's policy has been to diversify its sources of fuel and to obtain long-term contracts for guaranteed supplies, preferably through joint venture development projects, with the South Korean investment and, in some cases, labor being repaid in product.

The traditional sources for coal have been the United States, Canada and Australia. But, as an example of its source diversification, South Korea has entered into an agreement with a member of the Shell group to develop coal mines in Swaziland.

The big hope is for an eventual thaw in relations with Peking through the good offices of Washington. This, it is hoped, will enable South Korean companies to provide an infrastructure for developing China's underexploited reserves in exchange for coal.

South Korea besides having some coal of its own, has extensive deposits of uranium ore, estimated by the Korea Institute of Energy and Resources at 43.6 million tons. But the ore is of poor grade and the cost of extraction at the present level of technology would be prohibitive.

The Korea Electric Co. has entered into a joint venture with Cogema to mine uranium in Gabon, with local government participation. The state-run electric company is also exploring for uranium in Paraguay with Ansbuetz of the United States and the Taiwan Power Co.

South Korea is belatedly going into liquefied natural gas as a local fuel and has set aside \$2.6 billion to build a storage terminal on the west coast. It has reached agreement with Indonesia to supply 1.5 million tons of LNG beginning in 1985, and will double imports from 1987. The gas will be used primarily for thermal power plants in the early stages, with up to 35 percent being diverted for domestic consumption by 1991.

Foreign bankers admit that

South Korea's economic picture would be transformed with the "slightest whiff" of oil from its offshore drilling operations. After having drilled about half a dozen test wells with next to no success, hopes are dimming — though it took 33 test wells to bring in the North Sea bonanza. South Korea and Japan are jointly conducting a seismic survey in a zone south of Korea and will drill at least one test well in the area this year.

The Korean-American Oil Co., whose concessionaires include Hamilton Brothers Korea, Texaco and Nippon Oil Co., face more than hurricanes in drilling for oil in these difficult waters. There is a political problem because China regards the area as "a natural prolongation" of its own territory.

South Korea has repeatedly offered to enter into talks with China over the issue of their adjoining continental shelf, but so far Peking has ignored the suggestion. Such talks would imply recognition of the Seoul government and offend China's Communist ally North Korea.

—JACQUELINE REDDITT

Complaints are frequently made about the undercutting practiced by some Korean companies. Undercutting in itself is not a problem as long as the companies quote profitable rates.

But what the South Korean government is worried about is that, while the Korean companies are finding it difficult to maintain the tempo that characterized the overseas construction business during the 1970s, actual earnings from the business are on the decline.

The net foreign exchange earned from overseas construction in 1980 was estimated at about \$1.6 billion of the total contract value of \$8.25 billion, or 19 percent. In 1979, it was 33 percent.

Other developing countries are using lower-priced labor in overseas construction projects, and the Middle Eastern countries are introducing measures to protect their own construction industries.

**Project in Thailand**

South Korea made its debut in the overseas construction market in 1965 when Hyundai Construction Co., now reputed to be the biggest general contractor in the world, won a highway project in Thailand. But not until the opening of the Middle East market in the early 1970s were Koreans able to make significant headway.

According to the Overseas Construction Association of Korea, \$28.66 billion (nearly 95 percent) of total overseas contracts of more than \$30 billion won so far came between 1976 and 1980 although South Korea entered the Middle East market in 1971. The Middle East accounted for more than 90 percent of the total business. In 1980 alone, more than 95 percent of the total volume of \$8.25 billion came from oil-producing states.

While the Middle East business volume continues to expand, officials play down the fact, insisting that the Korean share in the total construction market in the area has been no more than 5 percent or 6 percent. South Korea is still behind West Germany and France but it had a bigger share than many officials admit.

Detailed figures for 1980 were unavailable, but an analysis by the construction association indicated that South Koreans won about 16 percent of the contract volume awarded by Middle Eastern countries in 1979. The share in 1980 was estimated at about the same level, and it is expected to remain about the same this year.

## Textiles Are Going Strong

Special to the IHT

SEOUL—For a period in the late 1970s, government economic strategy was to play down textiles and emphasize heavy industry. By neglecting textiles, however, it was quickly discovered that a major source of foreign income to pay for the development of industry was being eroded.

Textile exports rose by more than 11 percent in the difficult year of 1980. At \$5 billion, they topped the list of export earners, accounting for almost one-third of the total of \$17.5 billion.

At one point, it was ships, electrical machinery and cars that obtained favorable credit and investment incentives, as planners attempted to push the country toward developed status. Now government financing is again forthcoming for the export orders that have returned to South Korea in the last couple of years.

**Dependable Labor**

Commerce and Industry Minister Suh Suk Joon recently said that textiles exports were expected to more than double to \$11 billion by 1986. The ministry has earmarked a fund of about \$180 million for the modernization of the textile industry, including extensive purchases of new fabric machinery, the establishment of new dyeing centers and the development of secondary materials such as buttons and zippers.

The textile industry also enjoys economy

of scale. Buyers of fashion garments or those requiring ranges made up of smaller quantities of diverse prints and colors have long complained of the high minimums that South Korean manufacturers demand. But for department store chains — K-Mart and J.C. Penney each took more than \$20 million of basic shirts out of South Korea last year — long production runs are just what is needed. As a result, prices can be maintained at levels very competitive with those in markets where labor would at first appear cheaper.

Although order books are full at present, the immediate future is not clear. It is highly unlikely in the current atmosphere of the European Economic Community and North America that restrictions on textile imports will be loosened. As these are based on unit volume, noises continue to be made that South Korea must upgrade the quality of its garments and thus the unit price they command, the strategy that Hong Kong has taken with marked success.

Higher-value items such as leather and fur outerwear and heavy-gauge handknits are developing strongly in South Korea, but it is long production runs of basic garments — shirts, acrylic sweaters, ski jackets — that continue to dominate the industry. For the next two or three years at least, it would seem to be more of the same.

level category, say a project designer, it is cheaper now to hire a European," a senior executive said.

Two of the urgent problems before the government recently were to prevent companies from bidding if they did not have adequate technical and financial capability, and to stop unhealthy undercutting.

An overseas licensing policy adopted late last year attempts to solve both problems. The classification of contractors in two categories, principal and subcontractor, has checked the cut-throat bidding and reduced competition. While the license policy limits the number of competitors, the banks, which are mostly government-owned, keep an eye on contractors to make sure that they do not quote too low a rate.

In order to retain South Korea's position in the world construction market, the government has been applying increasing pressure on contractors to diversify their markets. Recently the government set up a \$500-million overseas construction promotion fund for five years, to be boosted by another \$500 million later. The fund will help companies explore new markets as well as upgrade their technology.

## Construction: The Struggle to Do Business Abroad

By Laxmi Nakarmi

SEOUL—When Saudi Arabia's Public Works and Housing Ministry opened bids for a housing development project, two South Korean construction companies were the lowest bidders. Dong Ah Construction and Industry Co.'s bid of \$264 million was \$26 million below the second-lowest tender submitted by Han Yang Housing and Construction.

While the Middle East business volume continues to expand, officials play down the fact, insisting that the Korean share in the total construction market in the area has been no more than 5 percent or 6 percent. South Korea is still behind West Germany and France but it had a bigger share than many officials admit.

Detailed figures for 1980 were unavailable, but an analysis by the construction association indicated that South Koreans won about 16 percent of the contract volume awarded by Middle Eastern countries in 1979. The share in 1980 was estimated at about the same level, and it is expected to remain about the same this year.

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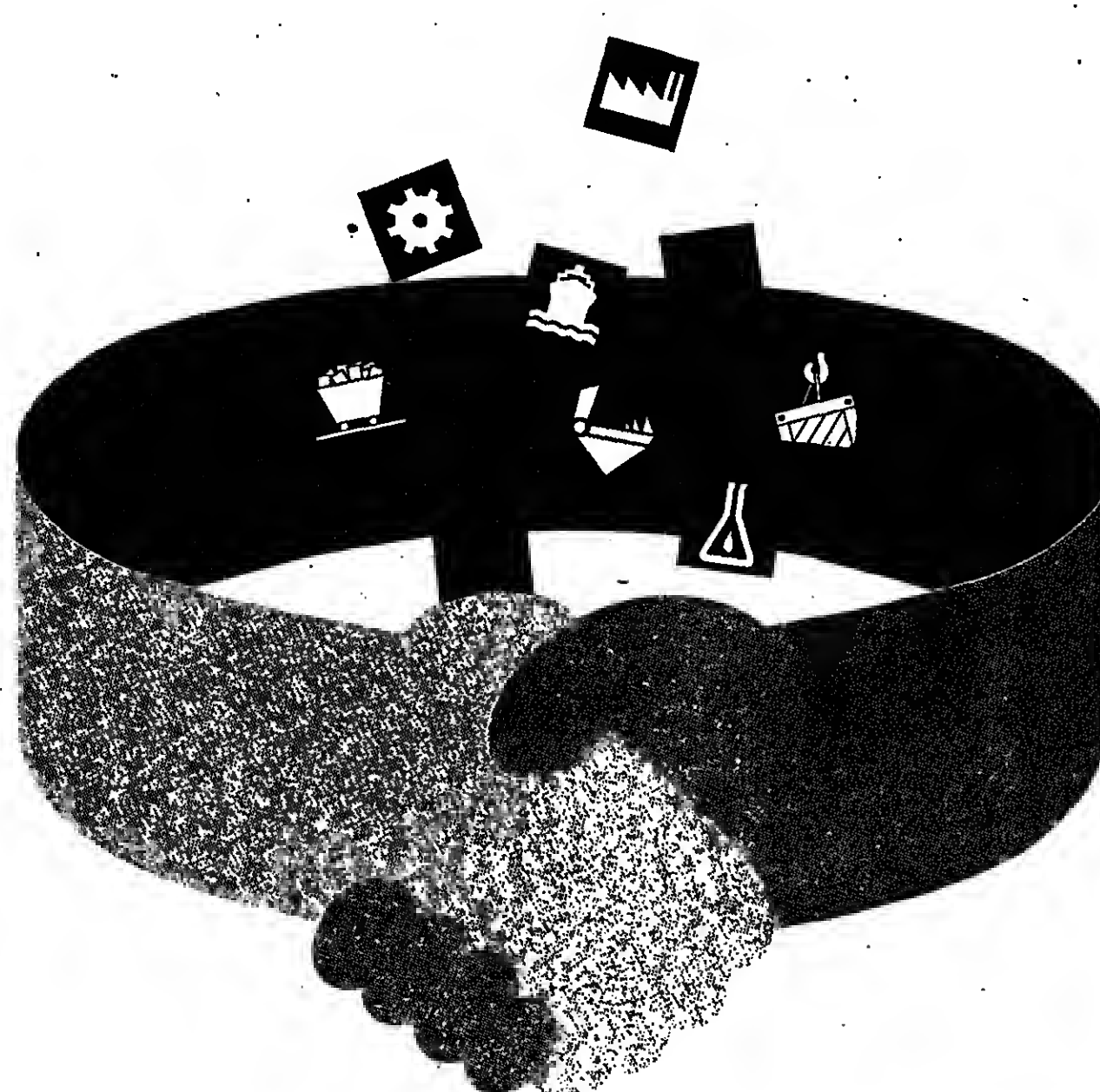
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**JACQUELINE REDDITT**, who coordinated this special supplement and wrote articles for it, has lived in South Korea for nearly two years and is the correspondent for *The Times of London* and *The Sunday Times*, the *BBC* and the *Christian Science Monitor*. Before going to South Korea, Ms. Reditt was the *Daily Telegraph* correspondent in Lisbon.

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**ANN CHARTERS** has lived in Seoul for 18 months, is the correspondent for the *Financial Times* and also contributes to the *Far Eastern Economic Review*. Before going to South Korea, Ms. Charters spent seven years in Brazil, where she was the co-editor of the economic newsletter *Brazilian Progress*.



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Personalities

John Modenos Putting Greek Opera on Map

By Haris Livas International Herald Tribune

ATHENS — John Modenos recalls his first performance of "Rigoletto" in Denver. "I guess it was the height of the Rocky Mountains. I couldn't breathe and felt all sweaty. I was wearing a little goatee and when I started singing the vendetta, I felt a little of the stage and the goatee fell right on top of a bald-headed musician. I preserved my dramatic demeanor, although I expected laughs. There were none. The next day the critics gave all their space to me and how I kept cool. The other singers got about half a line each. Were they angry at me?"

Modenos doesn't have much time these days to sing Verdi. He is too busy putting the Greek National Opera on the European map. Modenos was appointed artistic director last fall, and an opera company that the director himself characterized as "middle-class" when he took over has just finished its best season. Last year it was going broke and ready to close. It hasn't moved into the black — no opera company can putting on what Modenos calls "the most expensive show in the world" — but all seats are full and standards and discipline have greatly improved.

Modenos He did have to "put water in his wine," a Greek expression for making compromises. But most of his fights for artistic excellence have been won. And he has made the company a far more democratic organization, preserving in his own office an open-door policy, an informal approach for a position that has always been stuffy and dignified.

Modenos was born in Cyprus and was singing at the age of 5 — Byzantine music, as on that island the only way to get ahead as a singer is in the church. At 15 he was the youngest cantor ever appointed. But by his 18th birthday he was in the United States to continue his studies. "I grew up in America," he said, "and I think American." He credits his belief in American publicity and promotion methods for helping save the Greek National Opera.

Modenos was drafted during the Korean War, but spent his time organizing soldiers' shows and getting lots of experience singing. After discharge he found a patron, the owner of an Atlanta department store. "She sent me to study with Estelle Liebling, who was also the teacher of Beverly Sills." Modenos later made his debut in "La Traviata" with Sills. Since she now is director of the New York City Opera, Modenos hopes "to inaugurate some cooperation and an exchange of singers."

Good Luck With a Broken Leg

His career moved forward another step when he fell off a stage and broke his leg, entitling him to support from a program for wounded veterans, which he used to study at the American Theater Wing, "the greatest thing that could have happened to me." Then he won the American Theater Concert Award which gave him a Town Hall recital. He has done a lot of concert work, which he has continued in Greece, and finds it more demanding than opera. "Without scenery, costumes, orchestra, you have to deliver what comes from inside — from the heart."

Another prize, the American Opera Award, gave Modenos a Milan debut in "The Barber of Seville" and a Florence debut in "Tosca." In 1961 he was in Athens for the world premiere of "Nausicaa" by Peggy Glanville-Hicks, and the same year he won an international singing competition in Vercelli, Italy, but because it was difficult to get started in Italy he returned to Greece and became the leading baritone of the National Opera, singing 17 operas in two seasons.

Then Herbert Graf invited him to join the Zurich Opera, which had a large contingent of American singers, and from his base in Zurich Modenos sang with the major companies of Europe. He believes it was the experience thus acquired that accounted for his selection as artistic director of the Greek National Opera.

"The government and ministry thought that only someone who knew opera from the inside could save it. My experience of 25 years in opera in America and Europe made it seem I was the right person to bring the ship back to the surface."

He began by informing everyone that they had to work. Modenos insists that "we're not going to pay people anymore for doing nothing." His plans include bringing back important Greek singers, or singers of Greek ancestry, such as Teresa Stratas, Tatiana Troyanos and Agnes Baltsa, for guest appearances. And he is dedicated to "putting new blood in the opera." The latter includes (all new ideas here) sending the opera around the country, presenting scenes with simple explanations on TV, and student performances of operas presented earlier but with promising new singers who wouldn't otherwise have a chance. He hopes to attract young people at low ticket prices.

Under Modenos, the company had the first performing dates in its history outside Greece (with the exception of Cyprus). This was in Prague, where many years ago Modenos sang "The Barber of Seville," doing his role in Italian while the rest of the cast sang in Czech. For one scene, Modenos had rehearsed by himself a few words in Czech. Singing these he brought down the house and order was not restored for 10 minutes. "All these years," he reminisced, "I thought I got it wrong and said something dirty." It wasn't until he was making the arrangements for Prague this year that he finally found out he had been right all along and that the uproar was just enthusiasm.

Modenos has been busy planning a convention in Athens this summer of the directors of the major opera companies. The summer also holds more Verdi for him. "Nabucco," which the company will perform next month in the Athens Festival.

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International Restaurant Guide

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Waverley Root

Milk: Sour, Curdled, Condensed, Evaporated, Dehydrated, Etc.

CLIFTON Fadiman has been credited, whether rightly or wrongly I do not know, with having defined cheese as "milk's leap toward immortality." It falls a trifle short of immortality, but makes a valiant effort in such cheese as Parmesan, which according to connoisseurs gets better and better up to the age of 20 years, after which, apparently, it begins to wonder whether immortality is worth the effort.

However worthy cheeses may be in their own right, man has always tried to keep milk itself in approximately the state in which it appears fresh, an effort in which milk has not notably cooperated, unless you count souring. Souring might be described as an effort on the part of milk to remain edible longer. Sour milk is not spoiled milk. Some persons like the taste of sour milk, though I do not happen to be among them. But I do miss, in these days when processors forbid our milk to sour naturally, the now almost forgotten deliciousness of sour milk but curds, cakes and cookies (and sour milk helps bread to rise).

In many parts of the world milk is soured purposely to convert it into products meant to be eaten on their own, treated in ways that make them more attractive than naturally soured milk, like the sour cream dear to Slavs, the Balkan peoples, and quite a few others.

Dividing the Nutrition

Curds and whey were common foods of our not-so-distant ancestors, which divided the nutritive elements of whole milk between them: the semisolid curds are mostly fats and casein, the principal protein of milk; the whey contains milk sugars, mineral salts, and lactalbumin, another protein.

A longer step in lengthening the life of milk is taken when we convert it into butter, leaving the residue of buttermilk, which is not quite the same thing as whey because changes occur in churning. Butter is the longest keeping form of milk until we reach cheese, a category from which we had better exclude cottage cheese, which is really curds.

We have two ways today keep-

ing milk in a state from which it can be returned to an approximation of fresh liquid milk: either by removing from whole milk a large portion of its water, giving us condensed milk or evaporated milk (confusingly interchangeable terms), or by removing all of its water, giving us dried milk in powdered form.

The first producers of condensed milk may well have been the Tartars, whose diet was based on mare's milk. Marco Polo tells us that they "boil their milk, which is solid like paste, and this is how they dry it. First they bring the milk to the boil. At the appropriate moment they skim off the cream that floats on the surface and put it in another vessel to be made into butter, because as long as it remained the milk could not be dried. Then they stand the milk in the sun and leave it to dry. When they are going on an expedition, they take about 10 pounds of this milk, and every morning they take out about half a pound of it and put it in a small leather flask, shaped like a gourd, with as much water as they please. Then, while they ride, the milk in the flask dissolves into a fluid, which they drink. And this is their breakfast."

Correcting Marco

Reay Tannahill, author of "Food in History," suggests that Marco Polo's observation was not quite perfect. "Marco's mention of bringing milk 'to the boil,'" she writes, "is misleading. Milk, in which the cream had already risen to the surface, was probably put in shallow containers and heated slowly to a few degrees below the boiling point. The cream would become thick and crumpled, easy to skim off when it cooled. This is, in fact, what is known today as 'clotted cream' or 'Devonshire cream' . . . If the Mongols had failed to skim off the cream before drying their milk, the powder would have turned rancid very quickly," Miss Tannahill speaks of a powder, not a paste; she is not alone in believing that the Tartars achieved this ultimate state of dehydration.

For Americans, the inventor of condensed milk is Gail Borden, who may not really deserve the

credit for its invention, but certainly does for its promotion. According to British historians, a patent for a method of producing condensed milk was taken out in England in 1835, 21 years before a similar patent was granted to Borden in the United States; but the British method was never exploited. Borden, more aggressive, was commercializing his process successfully in 1858, two years after the issuance of the patent. From his point of view it was fortunate, or at least profitable, that the Civil War then broke out. The Union Army, happy at the existence of a form of nearly fresh milk which could easily be delivered to its troops, became Borden's biggest customer, and soldiers became his best customers once they returned to civilian life.

In the first advertisement for his new food, published in 1858, Borden does not seem to have decided whether he had invented condensed milk or evaporated milk; he used both terms (both, of course, are evaporated). In the simple days of my boyhood, we had no trouble distinguishing one from the other. What we called condensed milk had the texture of heavy cream and was sweet. Evap-

orated milk was more liquid, even more so than ordinary milk, and was unsweetened.

Powdered Version

The story of powdered milk, which is of course completely dehydrated, parallels that of evaporated milk. The first patent for producing it was taken out in England by F.S. Grimwade in 1855, but the British sat on their hands for 50 years before getting into large-scale production. Meanwhile Americans had beaten them to the punch, though it is true that the first such product they put on the market was not pure milk; it was malted milk, whose powder also contained wheat and barley. The powdered milk you buy today is made from skimmed milk; dried whole milk exists also, but is sold chiefly to industrial food processors.

The story is about the same for condensed or evaporated milk. Unsweetened varieties are made from whole milk, but for sale to bakers, confectioners and industrial food processors, who can be counted on to use it quickly; it spoils easily. Even condensed skimmed milk goes mostly to professionals, but it is not completely

Publishing

Longer Lives for Books

WASHINGTON — The Library of Congress reports that progress is being made in the battle to have books published on paper that doesn't turn to dust in 25 to 50 years. Most books manufactured in the United States have a life span of no longer than that.

The problem has been particularly acute for the library, which tries to keep a copy of every book published in the country. It has 35 acres of books, 18 million volumes, and about a third of them are too brittle to read.

That is because most books published in the United States for a century have been printed on acidic paper, made chiefly of wood

pulp. Books like that fall apart while books published 600 years ago — on paper made from rags — outlive them.

In a review of developments in the manufacture of durable paper, the library reports that more than 25 percent of paper produced for hard-cover books is acid-free. "a substantial gain over recent years."

The report credits the industry and outside researchers, including 25 years of investigations by the Council on Library Resources and prodding by the two-year-old Committee on Production Guidelines for Book Longevity.

The new processes add alkaline buffers to neutralize the acidity in paper manufactured of wood

Art

Muscovites Flocking to 'Paris' Show

MOSCOW — An exhibit of French and Soviet art is drawing huge crowds to Moscow's Pushkin Museum, but French officials say Soviet authorities made important changes in the show without consulting them.

Thousands of visitors have seen "Moscow-Paris 1900-1930" since it opened to the public on Thursday, and a million are expected to do so before it closes in four months.

The exhibit, first shown at the Pompidou Center in Paris two years ago, includes 2,500 paintings, sculptures, posters, theater backdrops, concert programs and architectural sketches from France and the Soviet Union. Among them are a number of Soviet avant-garde works rarely displayed here.

French organizers say some Soviet works have been excluded from the Moscow version of the show and changes have been made in the official catalogue.

French officials are said to be particularly concerned by the deletion of three catalogue references to Leon Trotsky and one to the poet Vladimir Mayakovsky.

Mayakovsky, who committed suicide in 1930, is revered in the Soviet Union, and his suicide is almost never referred to. Trotsky, a leading Bolshevik revolutionary figure who was exiled by the Soviet leadership in the 1920s, became in effect a nonperson.

In a speech at opening ceremonies afternoon, French Ambassador Henri Froment-Meurice said aspects of the exhibition "could have been better if, to the great regret of the French authorities, modifications had not been made at the last moment by the other party."

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110.00	100.00	AA	100.00	90.00	AA	100.00	90.00	AA	100.00	90.00	AA
105.00	95.00	AA	105.00	95.00	AA	105.00	95.00	AA	105.00	95.00	AA
100.00	90.00	AA	100.00	90.00	AA	100.00	90.00	AA	100.00	90.00	AA
95.00	85.00	AA	95.00	85.00	AA	95.00	85.00	AA	95.00	85.00	AA
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(Continued on Page 14)

مركز الأخبار



BUSINESS NEWS BRIEFS

Boeing Announces Sale of 23 Airliners

SEATTLE — Boeing's commercial airplane division said Monday it has sold 23 aircraft to nine different airlines in deals worth a total of \$500 million.

Belberg Bid on Canada Permanent Delayed

TORONTO — Canada Permanent Mortgage, Canada's third-largest trust company, has delayed an unwelcome 300-million-Canadian-dollar (250 million U.S. dollar) takeover bid by the Belberg family of Vancouver, who were rebuffed earlier this year in their attempt to take over the Bache Group of New York.

Fox Shareholders Approve Davis Offer

LOS ANGELES — Twentieth Century-Fox shareholders Monday approved the sale of the motion picture studio to Denver oil multimillionaire Marvin Davis in a \$700 million deal bringing \$60 a share for the studio's stock.

U.S. Orders Exxon to Pay \$70 Million

OAKLAND, Calif. — The U.S. Energy Department said Monday it has issued a proposed remedial order calling for Exxon to pay \$70.16 million plus interest relating to allegations that the company failed to reduce its gasoline prices when it reduced octane levels, resulting in 570 million in alleged petroleum pricing violations.

British Steel Said to Seek Partner in Japan

TOKYO — Nippon Steel Monday declined to comment on a report in the economic daily Nihon Keizai that British Steel has been sounding it out on capital participation in the British state-run steel company.

Suit Against U.S. Copper Firms Dismissed

WASHINGTON — The Supreme Court has let stand a lower court ruling dismissing an antitrust suit brought against Kennecott Copper, Anaconda, Phelps Dodge and affiliated companies.

Britain's Metal Box Predicts Improvement

LONDON — Metal Box said Monday it sees some signs that the worst of its problems are over. Destocking appears to be slowing, and there are some tentative signs in several parts of the business of hesitant recovery, its statement added.

Suzuki Exhorts Europe on Free Trade

TOKYO — Premier Zenko Suzuki, who leaves Tuesday for a six-country European tour, said Monday it would be "suicidal" for the West to adopt protectionism.

ICL, Citing Economic Conditions, Has £33 Million Loss, Sales Drop

LONDON — International Computers Ltd. lost £33.9 million before taxes for the six months ended March 31, after a £20.5-million profit in the same period last year, Europe's largest computer manufacturer announced Monday.

ICL Chairman Christopher Laidlaw said the losses, largely caused by the effects of severe economic recession, would seriously hit the company's reserves and restrict its ability to borrow.

Table with 2 columns: Company Name, 1980, 1979. Rows include ICL, Metal Box, and their respective revenue, profit, and per share data.

NYSE Prices Buoyed by Prime Drop

NEW YORK — The Dow Jones industrial average hovered just below the 1,000 mark much of the day Monday as traders on the New York Stock Exchange, their hopes boosted by a prime rate cut, tried to launch a rally.

Wholesale Prices Up 0.6% in U.K.

LONDON — The monthly rise in British wholesale prices of manufactured goods slowed to 0.6 percent in May from 1.4 percent rise in April, the Industry Department reported Monday.

Gold Soars; Dollar Eases

LONDON — Gold and silver prices rose sharply Monday in London and in early New York trading on reports that Israel had destroyed a nearly completed Iraqi nuclear reactor.

World Bankers Try an Upbeat Approach

By Steven Rarner. LAUSANNE, Switzerland — An unusually optimistic mood was evident at a meeting of leading bankers last week as they surveyed the world economic situation.

Political Reshuffle at Pemex

By Alan Riding. MEXICO CITY — The unexpected resignation of Jorge Diaz Serrano as head of Mexico's huge oil monopoly is the climax of a long and bitter campaign by Cabinet ministers and outside critics who felt that Petroleos Mexicanos had become a state within a state.

Iran Exports Down

TEHRAN (Reuters) — Iranian oil exports fell 68 percent in the Persian year ended March 20, according to the central bank governor, Ali Reza Nobari, as quoted in the Tehran press Monday.

Markets Closed

All financial markets were closed Monday in Belgium, France, the Netherlands, Switzerland and West Germany for the Pentecost holiday.

Big Drop in Prices For Oil Is Expected

By John M. Berry. WASHINGTON — A major break in official OPEC oil prices, the first since 1973, is on the way, oil industry experts believe.

CURRENCY RATES

Table with multiple columns: Currency, Par, and various rate values for different currencies.

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This announcement appears as a matter of record.

Advertisement for ENEL (Ente Nazionale per l'Energia Elettrica), offering SDR 100,000,000 Floating Rate Debentures due 1986.



# French Machine Tool Makers Seeking Help

By Jack Aboaf  
AP-Dow Jones

PARIS — The French machine-tool industry is in the throes of yet another restructuring plan following last year's poor performance, when domestic production declined to the lowest level in 10 years and imports rose to a new record.

After a relatively good showing in 1978 and 1979, in the wake of the government's 1976 plan, French manufacturers have returned to their chronic state of gloom.

Machine-tool production last year declined 6.9 percent to 69,312 tons, the lowest level in 10 years and far short of the 130,000-ton target set under the 1976 plan.

At the same time imports rose 48 percent to 2.34 billion French

francs (\$410 million at current exchange rates), while French exports increased 11.8 percent to 2.18 billion francs. The 161 million-franc deficit compares with surpluses of 370 million francs in 1979 and 420 million francs in 1978.

French machine-tool makers are also meeting increased competition in a number of "traditional" markets in Africa and elsewhere from cheaper and less sophisticated machines produced by Communist bloc countries.

**Nationalization**

As expected, the industry has once more turned to the government for help. It issued a strong appeal for state backing in a fresh attempt to consolidate a fragmented sector — 170 companies, only

20 of which employ more than 200 persons, and only 8 more than 500. This time, however, there are suggestions that the government should take control of ailing companies and perhaps of the entire industry.

Henri Line, president-director-general of the Line-PSM, France's second largest manufacturer of machine tools with an annual turnover of 350 million francs and 2,200 employees, has called for outright state-ownership of the flagging industry.

Mr. Line, who failed to raise 300 million francs to rescue his financially troubled company, said, "Since the industry is not capable of attracting private capital, the state should assume the role."

He has called for the creation of a state-owned holding company to coordinate investments and research and act as an umbrella for the entire sector.

A spokesman for the machine-tool manufacturers association rejected the idea of state ownership. "If some firms want to be nationalized, that's their problem," he said.

But given the nationalization program of the new Socialist government, state ownership of a sector considered to be important for French industrial independence should not be ruled out.

A number of major companies in the field are already under state control. These include the machine-tool divisions of Renault, Aerospatiale and Snecma.

**'National Solidarity'**

In its latest call for help, the industry claimed that without "significant" government intervention, its technological dependence and perhaps actual production could fall into foreign hands.

The association appealed for additional investment incentives over a long period, as well as "national solidarity" by urging the nationalized companies to buy French.

The government of former President Valéry Giscard d'Estaing had responded to French apprehensions by requiring importers to obtain "administrative visas" for a large number of machine-tools.

**Eurocurrency Interest Rates**  
June 5/June 8, 1981

Dollar	D-Mark	Sterling	French Franc
1M. 19-19 1/4	12 7/16 - 12 9/16	9 1/8 - 9 1/8	12 1/2 - 12 1/2
3M. 18 1/2 - 18 3/4	12 1/2 - 12 1/2	10 1/8 - 10 1/8	12 1/2 - 12 1/2
6M. 17 1/2 - 17 13/16	12 1/2 - 13	10 1/8 - 10 1/8	12 1/2 - 13 1/4
1Y. 16 3/8 - 16 5/8	13 - 13 1/4	10 1/8 - 10 1/8	13 1/4 - 13 1/4

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## NOTICE TO ALL SHAREHOLDERS

The directors wish to advise you that a call of 25 cents per share has been made on all the existing 7.7 million partly paid shares so as to make them 50 cents fully paid shares. The call is due and payable no later than July 8th 1981. Following the completion of this call, all shareholders will be offered one option at 5 cents each to take up a fully paid share for every two fully paid shares then held. The exercise price for each option will be \$A1.00. Notices relating to the option issue will be despatched to registered shareholders in due course.

The directors have decided to raise this capital for exploration and mine development by way of the call and option issue rather than erode existing shareholders' interests by the placement of shares with other parties.

- The *Minador Gold Mine on the Witwatersrand Gold Fields, South Africa*, is now in production and additional ore reserves are being evaluated which have the potential to considerably increase the scope of the overall project. JIMBERLANA will have a 50 p.c. interest in the profits earned by this mine.
- In *Irian Jaya, West Irian*, exploration field teams are presently active as part of the initial phase which will cost in the order of \$A630,000 in 1981. Further work will be required on this large project in 1982.
- Encouraging results in the *Northern Territory of Australia* have indicated a number of interesting prospective uranium and base metal targets and the board has received recommendations that these should be drilled.
- In *Western Australia* the company's consultants have recommended diamond drilling of certain of the mineral leases where recent work has indicated the presence of tantalite mineralisation below the surface.
- Certain oil and gas properties are currently being investigated in the *U.S.A.* The board believes that in addition to expenditure on its presently existing projects, part of the funds raised by this call and the forthcoming option issue, should be held in reserve for these possible opportunities in the *U.S.A.* or other such prospects which could warrant the company's investment.

Shareholders are reminded that the call of 25 cents per contributing share is payable to JIMBERLANA MINERALS N.L., 7th Floor, 450 Little Collins Street, Melbourne, Victoria 3000, Australia on or before July 8th 1981.

Notices have already been mailed to all registered shareholders and no reminder notices are being despatched.

To avoid mail problems in Australia and elsewhere, shareholders are advised to pay the call to the company immediately.

Shares on which the call remains unpaid on July 22nd 1981 will be forfeited under Australian law.

Forfeited shares will be auctioned and the forfeited shareholders will no longer be registered.

**D. M. L. TULLOCH**  
CHAIRMAN

**JIMBERLANA MINERALS N.L.**  
7th FLOOR  
450 LITTLE COLLINS STREET  
MELBOURNE, VIC. 3000  
TELEX: AA24028 PREMOR

# NYSE Nationwide Trading Closing Prices June 8

Tables include the nationwide prices up to the closing on Wall Street.

(Continued from Page 12)

12 Month	High	Low	Div.	P/E	100s	Moan	Class	Close	Change
20%	14	13 1/2	1.18	10	100	100	100	13 1/2	+ 1/2
15%	13 1/2	13	1.18	10	100	100	100	13	- 1/2
10%	13	12 1/2	1.18	10	100	100	100	12 1/2	- 1/2

# Industry Output Declines in Italy

ROME — Italian industrial output, seasonally adjusted, fell a provisional 0.49 percent in April after a 1.4-percent decline in March, the National Statistics Institute reported Monday.

Year on year the institute's seasonally adjusted index, base 1970, showed a 3.5-percent fall to 143.0 compared with a 4.1-percent year-on-year decline in March. The index reached 150.3 in April, 1980.

The institute said the April figures indicated industrial production was continuing to fall, although at a more restrained rate, with declines registered in the shoe, clothing and paper industries.

# European Gold Markets

June 8, 1981

London	Zurich	Paris	Frankfurt
462.20	462.20	462.20	462.20
462.20	462.20	462.20	462.20

# Tokyo Exchange

June 8, 1981

Asahi	Yomiuri	Mainichi	Nikkei
1,234.56	1,234.56	1,234.56	1,234.56
1,234.56	1,234.56	1,234.56	1,234.56

# Toronto Stocks

Closing Prices, June 5, 1981

High	Low	Close	Change
100	98	99	+1
105	103	104	+1
110	108	109	+1

# Montreal Stocks

Closing Prices, June 5, 1981

High	Low	Close	Change
100	98	99	+1
105	103	104	+1
110	108	109	+1

# Canadian Indexes

June 8, 1981

Index	Value	Change
TSX 300	1,234.56	+1.23
TSX 60	123.45	+0.12

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Notice is hereby given to the holders of the 8 1/4% Notes 1977 due 1985 of Gist-Brocades International N.V. that, as the result of a drawing effected on June 2, 1981 in accordance with the terms of the Trust Agreement dated July 15, 1977, Notes belonging to Redemption Group nr. 3, representing US\$ 4,000,000 principal amount, will be redeemed.

The Notes selected for redemption will be repaid at their principal amount on and after July 15, 1981 at the offices of the Paying Agents listed below, upon surrender of the Notes with all coupons, maturing after the date set for redemption, appertaining thereto:

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10 Hanover Square  
New York  
NY 10015
- Société Générale de Banque S.A.  
3 Montagne du Parc  
B-1000 Brussels
- Banque Générale du Luxembourg S.A.  
14 Rue Aldringen  
Luxembourg
- Deutsche Bank Aktiengesellschaft  
10-14 Grosse Gallusstrasse  
6000 Frankfurt/Main
- European Banking Company Limited  
150 Leadenhall Street  
London EC2V 4PP
- Union Bank of Switzerland  
45 Bahnhofstrasse  
CH-8021 Zurich

US\$ 16,000,000 principal amount of Notes will remain outstanding after July 15, 1981.

Amsterdam, June 2, 1981

Trustee for the Noteholders:  
Nederlandsche Not-Maatschappij b.v.  
326-328 N.Z. Voorburgwal  
Amsterdam



AMEX Nationwide Trading Closing Prices June 8

Tables include the nationwide prices up to the closing on Wall Street.

Main table of AMEX Nationwide Trading Closing Prices for June 8, listing various stocks and their prices.

U.S. COMMODITY PRICES

Table of U.S. Commodity Prices including Chicago Futures, Wheat, Soybeans, and other agricultural products.

European Stock Markets

Table of European Stock Markets including London, Milan, and other regional indices.

Floating Rate Notes

Table of Floating Rate Notes with columns for Banks, Issuer, and Coupon.

Selected Over-the-Counter

Table of Selected Over-the-Counter stocks and their closing prices.

International Monetary Market

Table of International Monetary Market including Gold, Silver, and various currencies.

London Metals Market

Table of London Metals Market including Copper, Lead, and other metals.

New York Futures

Table of New York Futures including various commodity contracts.

London Commodities

Table of London Commodities including SUGAR, COFFEE, and other goods.

Dividends

Table of Dividends listing companies and their dividend payments.

Market Summary

Table of Market Summary including NYSE Most Actives and Dow Jones Averages.

Cash Prices

Table of Cash Prices for various commodities and currencies.

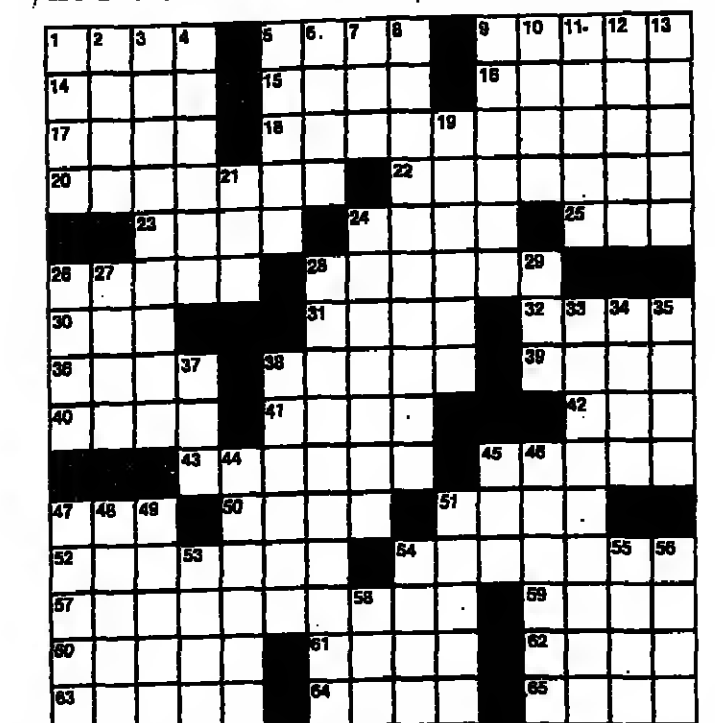
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Bottom section of the page containing various news snippets and a continuation of the 'The world at your finger tips' advertisement.



CROSSWORD By Eugene T. Malachuk

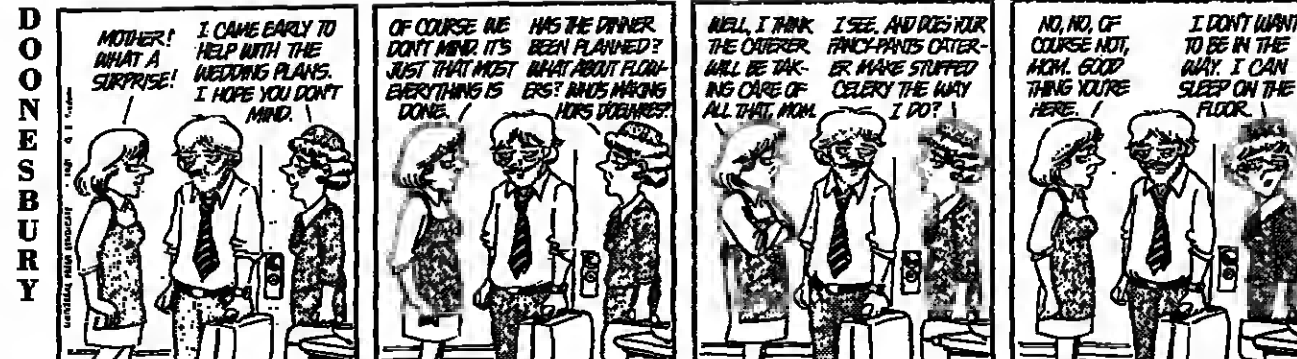
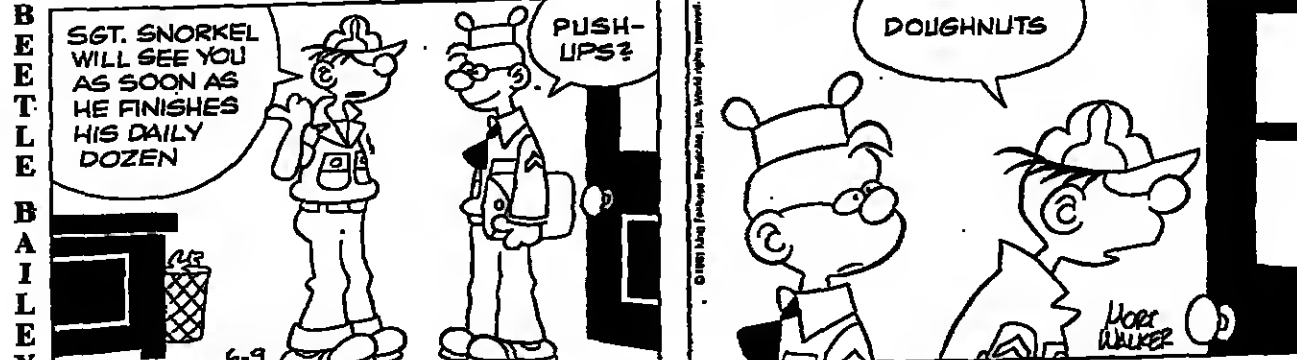
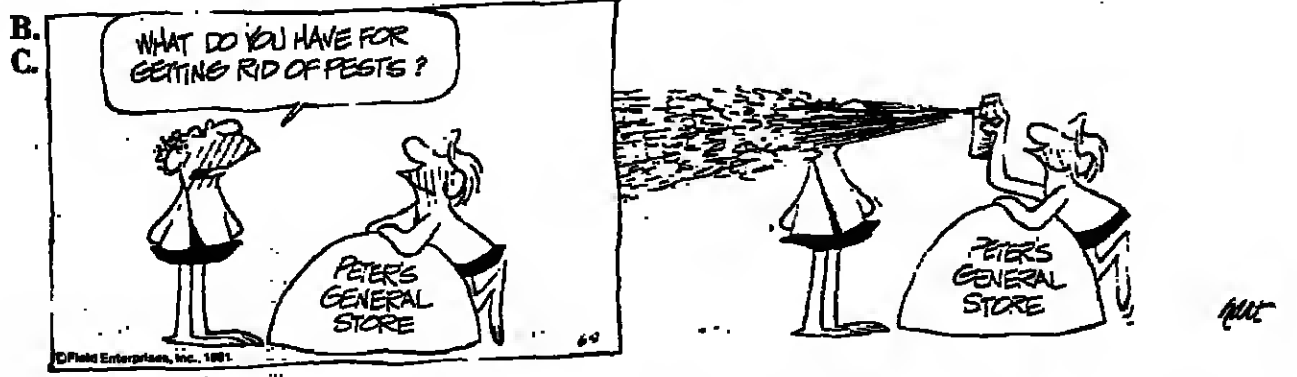
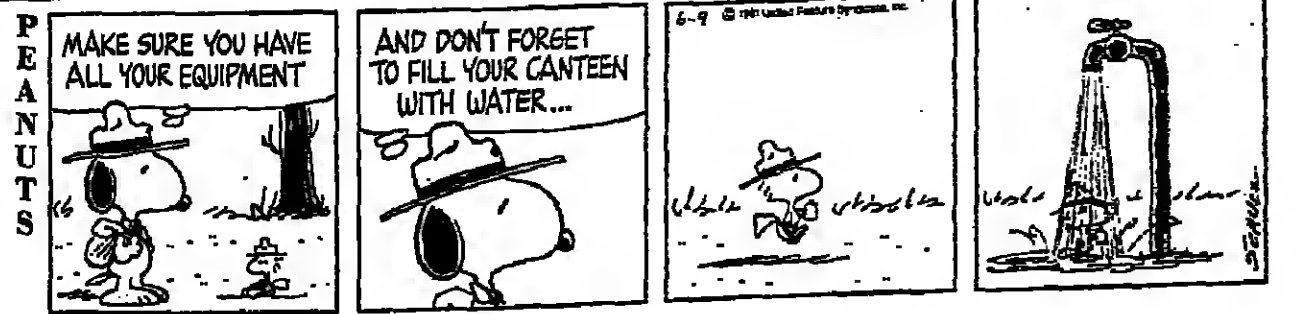


- ACROSS: 1 Fearless Fosdick's creator; 5 Gambol; 9 Aquatic birds; 14 Product sometimes made from corn oil; 15 Asseverate; 16 Show not uncommon in puzzles; 17 —Khayyam; 18 Mr. Darcy's creator; 20 Biased; 22 Cavities on the moon; 23 Hat; 24 Gull's relative; 25 Likivium; 26 Scripture; 28 Beliefs; 30 Costello or Gehrig; 31 Soaks; 32 Competent; 36 Formerly; 38 Supply station; 39 Wax; 40 Use a kin; 41 Jacob's eighth son, in the Douay Version; 42 Rib outgrowth; 43 Stalks, to a botanist; 45 He wrote "Marius the Epicurean"; 47 My, to Zola; 50 Collections of anecdotes; 51 TV hit; 52 Rubens and Renoir; 54 Books of devotions; 57 Procrastinator's colloquial promise; 59 Iroquoian; 60 Quay; 61 Viking of fame; 62 Portico; 63 Anthony and Clarissa; 64 Soprano; 65 Mailed; 11 Collective, Russian style; 12 Wary; 13 Import; 18 Check; 21 Suffix with Bronx; 24 Siouan shelters; 26 Dollop; splotch; 27 Island in the Hebrides; 28 Intruded; 29 Droop; 33 Creator of Ah Sin; 34 Cupid's interest; 35 Pitcher; 37 "Da spreeng —com"; T. A. Daily; 38 Overnice; 44 Savors; 45 —de Calais; 46 Estimate; 47 Box elder; 48 Strayed; 49 Allen or Martin; 51 Chop; 53 Bolivian; 54 Indian; 55 Celbridge; 56 Install; 58 Border, to Brutus; DOWN: 1 What some people fly; 2 River in the U.S.S.R.; 3 Creator of Wang and O-lan; 4 Entrance; 5 Prince in Punjab; 6 Elliptic; 7 "All the King's"; 8 Choir leaders; 9 One spurning; 10 "—of Eden"

WEATHER

Table with columns for HIGH, LOW, and weather conditions for various cities including ALGARVE, ALGIERS, AMSTERDAM, ANKARA, ATHENS, AUCKLAND, BANGKOK, BEIRUT, BELGRADE, BERLIN, BOSTON, BRUSSELS, BUDAPEST, BUENOS AIRES, CAIRO, CASABLANCA, CHICAGO, COPENHAGEN, COSTA RICA, DUBLIN, EDINBURGH, FLORENCE, FRANKFURT, GENEVA, HELSINKI, HONG KONG, HOUSTON, ISTANBUL, JERUSALEM, LAS PALMAS, LISBON, LONDON, LOS ANGELES.

ADVERTISEMENT INTERNATIONAL FUNDS Jun 5, 1981. Lists various investment funds such as ALLIANCE INT'L FUND, BANK JULIUS BAER & Co. Ltd., BRITANNIA TRUST MGMT. CO. LTD., CAPITAL INTERNATIONAL, CREDIT HOUSE, FIDELITY FUND, G.T. MANAGEMENT LTD., JARDINE FLEMING, LLOYDS BANK INT'L, RBC INVESTMENT MGMT., ROTHCHILD ASSET MGMT., ROTHCHILD ASSET MGMT. INT'L, SODIP GROUPE GENEVA, SWISS BANK CORP., UNION BANK OF SWITZERLAND, and UNION INVESTMENT FRANKFURT.



JUMBLE THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee. Includes a grid of letters to be unscrambled into four ordinary words. DENNIS THE MENACE comic strip panels 31-33. Panel 31: 'MOTHER! WHAT A SURPRISE!'. Panel 32: 'I CAME EARLY TO HELP WITH THE WEDDING PLANS. I HOPE YOU DON'T MIND'. Panel 33: 'OF COURSE HE HAS THE DINNER. JUST THAT MOST MIGHT BE ABOUT FLOW. EVERYTHING IS BEST. AND HE'S HERE. HIS DINNER.'.

BOOKS

JULY'S PEOPLE By Nadine Gordimer. 159 pp. \$10.95. Viking, 625 Madison Ave., New York 10022.

Reviewed by Anatole Broyard. THE Smales are the kind of white Johannesburg liberals who believe they can be recognized even through the sights of a gun. They have been riots and shooting before, and always the broken glass was swept up and life went on. This time, though, the explosions they hear are "explosions of roles," and they realize that it is time to go, if they still can. Bam Smales has just purchased a bright yellow Bakkie, a small sporting vehicle for hunting excursions in the bush, and it is in this that they make their escape — only now they are the hunted animals. He, his wife Maureen and their three small children are led to a family compound in the bush by July, their black servant. "July's People" is Nadine Gordimer's projection of what it will be like if or when the time comes for the whites to leave Johannesburg. And since she writes more knowingly about South Africa than anyone else, this may be history in the making that we are reading. Why do they come to us? July's wife asks. Because they have nowhere else to go, he answers. Nowhere? she says. Nowhere? But you told me that these people have a room for sleeping, one for reading, for eating, for cooking, for washing and moving the bowels — and now they have nowhere to go? "White people," July's wife says, "must have their people somewhere. Aren't they living everywhere in the world?" Her next question is, "What will they do to us now?" And July says, "Nothing to us anymore." The Smales who had a room for everything now live in a small, windowless hut with a leaky grass roof and a stamped mud and dung floor. Maureen Smales had often thought of taking the family camping to one of these on a permanent vacation. She and her husband sit and wait for history to come for them like "people in a hospital waiting room in the small hours, not looking at one another."

SAND RIVERS By Peter Matthiessen. Photographs by Hugo van Lawick. 213 pp. \$19.95. Viking, 625 Madison Ave., New York 10022.

POLITICS roars louder than lions in Africa and irony is a hyena laugh. The new white hunter is the writer who tracks and shoots down man-eating incognitivities. The safari is usually psychological. Peter Matthiessen is an exception. Though he is a writer, he is also a naturalist who reminds us that, outside of the towns and cities, Africa is still one of the most beautiful wild places in the world. In "Sand Rivers," he takes us on a month-long safari into the Selous Game Reserve in southeast Tanzania, which he describes as the largest wildlife sanctuary on that continent and the greatest stronghold of wild animals left on earth. With Matthiessen is Brian Nicholson, a man who, as the last warden of the reserve, had spent more than 20 years there. He himself is an old-fashioned African enthusiast, one who sees contemporary Africa as a young country wasting its resources like a teen-ager wasting his formative years. When he says that progress is turning many of the first-class Africans into third-class Europeans, one feels that he has earned the right to make the judgment. He and Matthiessen offer an interesting dialectic for the author of "Sand Rivers" is rather pious about Africa and its people. Though he wrote in 1965 a brilliant and bitter novel set in South America, his subsequent work has tended to be a bit solemn. In this book, he worries about getting along with Brian Nicholson, as if they were in an encounter group rather than on a safari. He himself seems to be as sensitive to human presences as a wild animal. He is very good, though, in describing Africa. While most think of it as the "dark" continent, Matthiessen reminds us that, in its plant, bird and insect life, it is a riot of color. Even a grasshopper is "pink-lavender." In order to stimulate the growth of new grass, Nieholsen has his men burn last year's dry stalks — a common practice — and this sometimes leaves them walking through a black and smoking ruin. It is as if the former warden enjoyed the metaphor, for burned-out and smoking with dissonance is how Africa appears to him now. Poaching is decimating the animals, the trails are being obliterated, soon the government will be cutting the timber. Of course, he has good yarns about the old days: hunting stories, encounters with man-eating lions, tracks through virgin country. He points out that carefully restricted safaris supported the enormous reserves in his time and could once more. According to him, it is only such close supervision that has kept the Selous Game Reserve from deteriorating as the great Kenya parks have. Matthiessen quotes him on the difference between a park and a game reserve: Here there is no minibus beside the lion, the animals are not sophisticated, and they are strikingly healthy compared to the scruffy specimens you see in the parks. In this untouched country, it is even possible to drink the water without fear. Matthiessen is a proper romantic about Africa. He refuses an armed guard when he goes striding alone in the bush because this would destroy the "feeling of intensity and suspense." He appreciates the "alertness" that being unarmored encourages. There are no politics in the bush, only attack and defense: five wild dogs killing a warthog, a hippopotamus savaged by a lion, a cobra that was tolerated until it spat on one of the carriers, hyenas browsing through the camp in the dark. A rhinoceros making a stand in front of its calf is the high point of the trip for Matthiessen. The organizers of the trip called it "the last safari into the wilderness." The statement has an apocalyptic sound, but then the new Africa has more apocalypses than lions. Anatole Broyard is on the staff of The New York Times.

BRIDGE

By Alan Truscott. ON the diagrammed deal, the respondent of a four-card heart suit and suggested length in clubs. South therefore had good reason to hope that West would lead a major suit, but unfortunately he produced the club two, getting the defense off to a good start. South ducked the opening club lead, won the club return and played a third round himself. He was content to allow the defense to score its club tricks in the hope that something helpful would develop. And it did. West won the fourth round of clubs and was in difficulty. As it happens, it would have been safe to lead a diamond, but he did not know that his partner held the jack. South had thrown a diamond and heart from the dummy. Any major suit shift was due to help the declarer. West tried the heart's eight. South played low from dummy, and was due to score 10 points on the trick. East played low, and the heart was won. South frimessed the diamond queen successfully, and the position was now this:



East and West were vulnerable. The bidding: West: 1♣, North: 1♥, East: 2♥, South: 3♥. West: 3♣, North: 3♦, East: 3♥, South: 3♠. West led the club two.





# Berenyi Pitches L-Hitter as Reds Defeat the Expos

**From Agency Dispatches**  
CINCINNATI — Bruce Berenyi pitched a one-hitter and allowed just two base runners Sunday in leading the Reds to a 2-0 victory over the Montreal Expos.

Berenyi (5-2) allowed a two-out single to Andre Dawson in the fourth inning and walked Warren Cromartie in the eighth in throwing the fourth consecutive complete game by a Red pitcher. Berenyi, recording his first victory since May 14, struck out 10 and walked one for his second complete game and shutout.

Joe Nolan, the Reds' catcher, hit his first homer of the season, off Ray Burris (3-5), to give the Reds a 1-0 lead in the second. A throwing error by Burris led to an unearned Cincinnati run in the third. Dave Collins led off with a double and took third when Burris tossed the ball into center field on a pickoff attempt. Ron Oester lofted a sacrifice fly to right to score Collins.

**Phillies 7, Braves 5**  
In Atlanta, Pete Rose drove in two runs with a single and a sacrifice fly, closing in on the National League hit record, as Philadelphia beat Atlanta, 7-5. Rose batted in one of three fifth-inning Philadelphia runs with a single that left him four hits behind Stan Musial's National League career record of 3,630. Rose's sacrifice fly came in the sixth, when the Phils scored twice more.

**Dodgers 7, Cubs 0**  
In Chicago, Dusty Baker hit a two-run homer and a double to back the six-hit, 11-strikeout pitching of Bob Welch as the Los Angeles Dodgers snapped a four-game losing streak with a 7-0 victory over the Chicago Cubs.

**Mets 3, Astros 1**  
In Houston, Dave Kingman hit his 13th homer, and Mike Scott and Neil Allen combined to pitch

a six-hitter to help New York to a 3-1 victory over Houston. Scott (3-4) hooked up in a pitchers' duel with Bob Knepper (5-1) until the seventh inning, when Hubie Brooks and Alex Trevino opened with singles. Doug Flynn then hit a comebacker to Knepper, who forced Brooks at third. Third baseman Art Howe attempted to double Flynn at first but threw the ball down the right-field line, allowing Trevino to score and Flynn to go to third. Scott then hit a sacrifice fly.

**Padres 5, Cardinals 1**  
In St. Louis, Gene Richards hit a three-run homer and drove in another run with a single as San Diego beat St. Louis, 5-1, behind Chris Welsh's eight-hitter to salvage the final game of a three-game series.

**Pirates 3, Giants 2**  
In Pittsburgh, Bill Madlock broke a 2-2 tie with a one-out home run in the sixth inning to lift Pittsburgh over San Francisco, 3-2. Eddie Solomon (5-3) got help in the seventh inning from Enrique Romo as the Pirates won their second game in the three-game series with the Giants.

**Yankees 3, White Sox 1**  
In the American League, at New York, Ron Guidry allowed four hits in 3 1/2 innings, then let reliever Tom Davis and Goose Gosage finish up as New York defeated Chicago, 3-1, for its seventh straight victory. Three walks enabled the first-place Yankees to score twice in the fourth inning and ensure a sweep of the three-game series. New York trailed after three innings, 1-0. Then Lou Piniella singled, Dave Winfield doubled and Bob Watson walked to load the bases. Graig Nettles' dribbler to first base scored the tying run. Ross Baumgarten (5-6) walked Barry Foote and Aurelio Rodriguez to force in another.

**Tigers 3, Twins 0**  
In Detroit, Milt Wilcox got a cortisone shot for his sore shoulder, then pitched a five-hitter as the Tigers beat Minnesota, 3-0, and swept their three-game series. Tom Brookens had two hits and scored the first run in a three-run seventh inning.

**Orioles 4, Angels 1**  
In Anaheim, Calif., the Baltimore Orioles defeated California, 4-1, behind the six-hit pitching of Dennis Martinez and home runs by John Lowenstein and Eddie Murray. The triumph snapped a 5-game Oriole losing streak.

**Royals 7, Brewers 1**  
In Kansas City, Lee May and John Wathan each drove in two runs, and George Brett had three singles as Kansas City thumped Milwaukee, 7-1. Paul Splittorff (3-4) yielded eight hits in 3 1/2 innings to win his third straight. Reimé Martin got his second save.

**Marlins 5, Indians 4**  
In Seattle, Julio Cruz did not do anything as Seattle beat Cleveland, 5-4. Cruz singled in the 11th inning, stole second and scored on Tom Paciorek's single. He tied the major league fielding record held by Terry Harmon of the 1971 Phillies for most chances for a second baseman in nine innings by handling 18. He had a 19th in the extra innings to miss the extra-inning record by one. He extended his hitting streak to 10 games. His stolen base was his 27th this season and 31st straight, one short of the American League record.

**A's 4, Red Sox 3**  
In Oakland, Dwayne Murphy hit a one-out, center-field homer in the 11th inning to give Oakland a 4-3 victory over Boston. Murphy had helped force the overtime with a ninth-inning single. Mark Cleary (7-1) was the victor. Dave Leggett (1-0) was making his first appearance since returning from Tacoma of the Coast League.

**Rangers 9, Blue Jays 0**  
In Arlington, Tex., Danny Darwin pitched a four-hitter, Buddy Bell hit a grand slam and Al Oliver had four hits, including a club record three doubles, as Texas crushed Toronto, 9-0. With the three-game sweep, the Rangers stayed one game behind Oakland in the American League West. Darwin (7-4) struck out nine.



**INTRODUCTION TO CFL** — Vince Ferragamo, in his first test in the Canadian Football League, passed for 151 yards, but was intercepted three times, as the Hamilton Tiger-Cats beat Ferragamo's Montreal Alouettes, 27-21, Sunday in an exhibition game. Ferragamo, who played out his option last season with the Los Angeles Rams of the National Football League, hit on nine of 17 passes and was replaced by Steve Grant as the third quarter began.

# Musial Set to Congratulate Rose

**By Dave Anderson**  
New York Times Service

NEW YORK — In their big-league careers, they passed like ships in the night — Pete Rose a second baseman in his rookie season, Stan Musial a legend in his last season.

But on the last day of that 1963 season in old Sportsman's Park in St. Louis there was a momentary connection for posterity. From his corkscrew stance, Stan Musial slashed a sharp grounder off Jim Maloof of the Cincinnati Reds past Rose into right field. It was Stan The Man's last hit, his 3,630th hit, the National League record that Rose is approaching.

"I remember Stan got two hits that day, one to my right and one to my left," Rose said recently. "If I'd been a little quicker, that would have been two less hits I have to get."

Now, as Musial was talking about Rose over the telephone from his St. Louis restaurant, he was glancing at a box score of that game on a souvenir photo after his

22 seasons for the Cardinals as an outfielder and first baseman.

"I got two hits that day all right," he said with a laugh, "but Pete got three."

Some time this week, barring a strike, Rose again will have one more hit than Musial — lifetime. And Musial, now 60, has started sitting in a box seat whenever the Phillies play, waiting to congratulate him.

"I saw Pete after the World Series last year," Stan Musial said. "And I told him I'd be happy to be there when he got close."

The Man always had class. The Man was the nickname he got in Brooklyn where his line drives all but knocked down the Ebbets Field scoreboard. Once he hit a home run 50 feet across Bedford Avenue into a parking lot that two kids were still chasing the ball when he trotted across home plate.

**Of Stan**

Another time, against the Dodgers in St. Louis, he missed a screw ball by a foot, stepped out of the batter's box, looked back at Roy Campanella and told the Dodger catcher that he had "swung like an old woman" at that pitch.

"I told him, 'Yes, you did,'" Campanella later remembered. "And I said to myself, 'Now I got of Stan, oow I got of Stan talking to me.' The next pitch, of Stan hit me! He got 450 feet over the pavilion roof in Sportsman's Park and I said to myself, 'Yes, I really had of Stan.'"

Nobody ever had of Stan, at least not until he started to age. During the 1956 season he was winning with an inflamed appendix but rather than undergo surgery, he had the appendix frozen. He hit .310 that year and led the league with 109 batting titles. He won seven batting titles, he hit .331 over 22 seasons. But in 1959 he suddenly had a bad year. Then 38 years old, he batted .255 but he kept playing because he wanted to break the National League record for hits, then held by Honus Wagner with 3,430.

He batted .275 at age 39 in 1960, he batted .288 at age 40 in 1961, but suddenly, in 1962 at age 41, he hit .330 with 19 homers and 82 runs batted in. When he skidded to .255 in 1963, he retired.

"I thought my hits record probably would have stood a little longer than it has," Musial said.

When he retired, Musial had more hits than anybody except Ty Cobb, whose total of 4,191 appeared to be insurmountable.

But now Rose, who turned 40 in April, has a chance to go on and break Cobb's record for hits, just as Henry Aaron broke Babe Ruth's record for career home runs. In all the commotion over Rose catching Musial, he still has to catch Aaron's total of 3,771 hits before he can go after Cobb's total. Aaron had 3,600 in the National League, 171 in the American League.

"If I can get to within a couple hundred of Cobb in the next couple years," Rose says, "we'll see what happens."

"It all depends on when that time comes," Musial said. "My last two years, hitting got to be work. The big thing was I couldn't concentrate. At the plate, my mind would be wandering. I'd swing at a pitch I knew I should have taken. I'd come back to the dugout and say to myself, 'Why did I swing at that pitch?' That's what I mean by my mind wandering. I didn't have the same concentration any more."

**Baseball Ruling Delayed**

**United Press International**  
NEW YORK — A U.S. federal judge said Monday that he will wait until later this week before ruling on a request for an injunction by the National Labor Relations Board that would postpone a free agent compensation plan by major league baseball owners and thus prevent a strike by the players.



Stan Musial ...in twilight of career.

# Red Smith

## How Luis Barrera Saw It

**New York Times Service**  
NEW YORK — As long as racing records are kept, they will testify that in 1981 Pleasant Colony won the Kentucky Derby and Preakness for John Campo, his trainer, and Summing won the Belmont Stakes for Luis Barrera, his trainer. That isn't the way Luis Barrera saw it.

Last January Barrera's wife, Clara, was examined for a severe bronchial cough, surgery followed, and the diagnosis was lung cancer. "I want to know what I have," she told her husband after the operation, so they told her the truth. The prognosis was that she might live one year or possibly as many as five.

Last Thursday Barrera was putting the finishing touches on Summing in preparation for the Belmont. At 1 p.m. when the work was done, he received a phone call. "Honey," Clara Barrera said, "I have great news. The X-rays came back and they show nothing. The chemotherapy worked."

"Honey," Luis Barrera said, "I just won the Derby."

**Ten in Brackets**

Fifty-odd hours later, under a brilliantly cool ride by George Martens, Summing beat Pleasant Colony back to third place in the third event of the Triple Crown series and the favorite wound up bracketed with nine others who had won the first two parts of the triad but failed in the last.

"I really didn't ask him to go until the eighth pole," George Martens said. "I was hoping the wire was coming up fast, though."

George was looking hard for the finish line because Highland Blade was a hard-closing second, only a neck off the winner at the end. Pleasant Colony, who had won from behind in the Derby and Preakness, was a length and a half farther back and not gaining.

"Now I've won the Derby, Preakness and Belmont," Luis Barrera said, still thinking of Clara.

**Campo Not Impressed**

Summing was one of the lesser-known members of the 11-horse field, but he had raced more often than any of the others. He won twice in eight starts as a 2-year-old, scoring in a maiden race at Belmont and an allowance at Aqueduct. This year he was fourth and second in two starts at Aqueduct, then won an allowance there before losing four straight. But he won the Hill Prince on grass at Belmont and the Pennsylvania Derby at Keeneland leading up to the Belmont.

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John Campo had not been impressed. "Going to Keystone," he had said, "is like going to Charles Town."

Angel Cordero, who rode Summing May 6 in the Hill Prince, had another commitment May 25, so Martens got the mount in the Pennsylvania Derby. Barrera liked his ride that day. He loved the ride Saturday, as he should have.

Martens saved ground all the way, finding room on the rail to move up steadily in the backstretch. He sat still and let the colt go at his own pace for half the

race's mile and a half. Before they had gone a mile, Summing was in front and his rider was still sitting still. They had a comfortable lead turning into the home stretch. Then Martens drew his whip, waved it beside his mount's head several times, then fetched him three strokes right-handed. Just above the wire whoop Highland Blade was coming hard, George gave the winner one more whack left-handed.

**One of the Family**

The job consumed a good deal of time, 2 minutes and 29 seconds, which is five seconds more than Secretariat needed in 1973, but it was worth \$170,580.

The purse money, less commissions for Martens and Barrera, went to Charles T. Wilson, a Yale from New York who took a master's at Columbia, taught school in New York and published the Putnam County Press before joining his father in the manufacture of rubber products in Mexico City, where he now lives. He has had race horses for about 20 years.

Luis Barrera, 59 years old, is a member of an illustrious racing family. His brothers, Angel, Oscar, Willie and Lazaro, are trainers, and so are Lazaro's sons, Albert and Larry. Luis and his brothers were born within a three-iron shot of Oriental Park in Havana, and Luis got his early experience working for Angel and Laz. The latter has won two Belmonts, with Bold Forbes and Affirmed.

As for Pleasant Colony, who started at odds of 4 to 5 while Summing went away at 7.90 to 1, none of his people made any excuses. John Campo said the best horse won. So did Jorge Velasquez, who rode the favorite.

The only excuse anybody could find for Pleasant Colony was then: He may have been upset by the presence of a television cameraman in the inside stall of the starting gate. Pleasant Colony, who had the 11th post position, saw the man and twice refused to enter his stall. When at last assistant starters got him in, he reared nervously before settling down for the start. He got off cleanly, though.

He was last into the backstretch but that didn't disturb his backers. They had seen him win from behind in the past. This time they didn't see it.

# Watson Defeats Valentine In Playoff in Atlanta Golf

**United Press International**

ATLANTA — Tom Watson captured his third PGA victory of this year Sunday by beating Tommy Valentine, the local favorite, on the third hole of a sudden-death playoff to win the Atlanta Golf Classic.

Watson and Valentine finished the regulation 72 holes tied at 11-under-par 277 when Watson scrambled to save a bogey on the

final hole and then stood by to watch Valentine, an Atlanta native who had not come close to winning previously in his four years on the pro golf tour, drop a presurized four-foot birdie putt to force the playoff.

The two went back to the 16th hole of the hilly Atlanta Country Club course to begin the seventh sudden death playoff on the PGA Tour this year.

Both made par 3s on that hole with Watson chipping out of the rough to less than a foot from the hole and Valentine two-putting from 40 feet. Watson put more pressure on Valentine at the second extra hole when he sank a 10-footer just inside the fringe for a birdie, but Valentine, who had pitched to within four feet, also birdied.

But the par-5 18th, the same hole where Valentine had caught Watson in regulation play a short while before, turned out to be the Georgian's undoing. Valentine buried his third shot in a sand trap and, although he managed to get out more easily than expected, was unable to sink the 15-foot putt and settled for a bogey.

Watson, also 15 feet away but on 3, played it safe, rolling his first putt to within inches of the cup and then tapping in his winning par putt.

**3d Stastny Defects to NHL**

**The Associated Press**  
MONTREAL — A third member of the hockey-playing Stastny family has followed his brothers in defecting from Czechoslovakia as Marian Stastny joined the Quebec Nordiques of the National Hockey League.

# Line Scores

AMERICAN LEAGUE  
Minnesota 000 000 0-0 5 1  
Detroit 000 200 2-0 7 0  
Kosman, Carhart (7) and Wynegar (10) and Fisher, W-Robison, 4-1, Robinson, 3-1

Chicago 000 100 0-1 4 0  
New York 000 000 0-0 4 0  
Bauer, D-Robinson (4), Farmer (4) and Eskin, H (7), Flek (9), Gulery, R-Davis (4), Gomez (1) and Folan, C (7), W-Gulery, 5-1, Robinson, 4-1

Philadelphia 000 000 0-0 3 0  
Kansas City 000 000 0-0 3 0  
Lercu, Kaehon (4), Easler (3) and Moore, Spillforth, Morris (4) and Watson, W-Solter, 3-4, L-Lercu, 3-5

Baltimore 000 100 0-1 4 1  
Cleveland 000 000 0-0 4 1  
C.Martinez and Dempsky; Frost, Mosier (5), F-Martinez (7) and Ott, W-D-Martinez, 7-2, L-Rose, 3-1, HRS-Baltimore, Lovaes (3), West (1)

Cleveland 000 000 0-0 4 1  
Wells, Moore (4), Stanton (1) and Diaz; Abbott, Rowley (7), Drago (7) and Butlin, Narvan (1), W-Cross, 3-2, L-Stanton, 1-1, HR-Scott, 1, Gray (12)

Boston 000 000 0-0 3 0  
Oakland 000 000 0-0 3 0  
Eckersley, Clear (3) and Altonow Underwood, J-Lynn (4), Chickering (7), Herwila (10) and Newton, Heath (1), W-Herwila, 1-1, L-Clear, 7-1, HRS-Boston, Hoffman (1), Oakland, Armas (1), Murphy (9)

Toronto 000 000 0-0 4 1  
Texas 000 000 0-0 4 1  
Todd, R-L-Jackson (7), Willis (10), Sarkis (1) and Whitl; Darwin and Sanders, W-Darwin, 5-4, L-Todd, 3-4, HR-Texas, L-Belt (1)

NATIONAL LEAGUE  
San Francisco 000 000 0-0 2 0  
Pittsburgh 000 000 0-0 4 1  
Rios, Brinkley (7) and Alvi, Soloman, 3-2, L-Rios, 7-1, HRS-San Francisco, D-Evans (9), Moran (4), Pittsburgh, Madlock (3)

Montreal 000 000 0-0 1 1  
Cincinnati 000 000 0-0 4 1  
Berris and Carter; Berenyi and Nolan, W-Berenyi, 5-2, L-Berenyi, 3-5, HR-Cincinnati, Nolan (1)

San Diego 000 000 0-0 4 1  
St. Louis 000 000 0-0 4 1  
Welch and Swisher; Shirley, Little (4), S-Yates (4), O'Han (4) and Tenney, W-Welch, 3-4, L-Shirley, 4-3, HRS-San Diego, Richards (3), St. Louis, Madlock (9)

Los Angeles 000 000 0-0 4 1  
Chicago 000 000 0-0 4 1  
Welch and Schaefer; Martz, Krovic (4), McClintock (7), Casidri (4) and J-Davis, W-Welch, 4-3, L-Martz, 3-5, HR-Los Angeles, Baker (4)

# Major League Standings

AMERICAN LEAGUE  
West  
New York 31 27 356  
Baltimore 28 26 491  
Milwaukee 22 22 472  
Cleveland 26 21 553 3/4  
Boston 28 24 528 4  
Detroit 18 25 429  
Toronto 14 30 296 1/2

East  
Philadelphia 21 27 356  
St. Louis 21 27 356  
Pittsburgh 22 25 543 2  
New York 22 25 543 2  
New York 17 31 316  
Chicago 12 34 268 1/4  
Minnesota 12 37 288 1/4

NATIONAL LEAGUE  
West  
Los Angeles 21 29 446  
Cincinnati 22 21 404 3/4  
Houston 28 24 519 7  
Atlanta 22 28 490  
San Francisco 27 29 482 9  
San Diego 27 33 309 1/4

East  
Philadelphia 21 27 356  
St. Louis 21 27 356  
Pittsburgh 22 25 543 2  
New York 22 25 543 2  
New York 17 31 316  
Chicago 12 34 268 1/4  
Minnesota 12 37 288 1/4

Transactions  
BASEBALL  
National League  
CHICAGO — Called up Willie Hernandez, pitcher, from Iowa of the American Association. Sent Scott Thompson, outfielder, to Iowa.

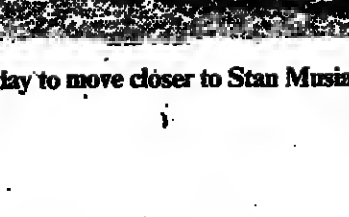
NEW YORK — Called up Wally Backman, infielder, to Tidewater of the International League for an undetermined amount of cash.

ST. LOUIS — Called up George Frazier, pitcher, to the Columbus Clippers of the International League for an undetermined amount of cash.

HOCKEY  
UNITED STATES CANADA CUP TEAM — Named Luis Noriega general manager.

WASHINGTON — Signed Ronald Stantz, right wing, to a two-year contract.

Baseball Ruling Delayed  
United Press International  
NEW YORK — A U.S. federal judge said Monday that he will wait until later this week before ruling on a request for an injunction by the National Labor Relations Board that would postpone a free agent compensation plan by major league baseball owners and thus prevent a strike by the players.



Pete Rose driving in a run Sunday to move closer to Stan Musial's record for career hits.

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PEOPLE: '42nd Street,' 'Amadeus' Win Top Tony Awards

'42nd Street' won a Tony award. New York theater's top honor, as Broadway's best musical, while an English import, 'Amadeus,' topped the drama category with five Tonys, including the best-play award.

I Can't Imagine Wanting to Wear Someone Else's Name On My Derriere, but If I Ever Did, I'd Want the Original



Designer Galanos: Nancy Reagan likes his outfits.

As in the early couture days, everything is done on the premises and hats and shoes are designed especially for each collection, not to be sold or licensed later. 'I sell them cheap to my models after the shows are over,' he said.

Art Buchwald

Contributing Factor

WASHINGTON — The White House has proposed a serious relaxation in the 1977 Foreign Corrupt Practices Act, which was intended to prevent American companies from bribing foreign officials.

Galanos

By Hebe Dorsey International Herald Tribune LOS ANGELES — Even the cab driver could not believe it. 'This ain't no fashion district,' he kept saying. It looked like a run-down industrial area, not a place where you'd expect to find a famous designer.



Buchwald

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LEADING COMPANY IN ITS FIELD WESTERN PARIS SUBURBS seeks SECRETARY/ASSISTANT for its PRESIDENT/MANAGING DIRECTOR